



January 15, 2015

Technical Director  
Financial Accounting Standards Board  
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Via e-mail – [director@fasb.org](mailto:director@fasb.org)

Re: File Reference No. EITF-14B. Proposed Accounting Standards Update: Fair Value Measurement (Topic 820): *Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (or Its Equivalent)*.

Plante & Moran, PLLC appreciates the opportunity to comment on the proposed Accounting Standards Update, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (or Its Equivalent)*. We support the Financial Accounting Standards Board's ("Board's") continuing efforts to improve the relevance and understandability of fair value disclosures. Following, please find our responses to the specific Questions for Respondents in the Proposed Update, along with other comments for the Board's consideration.

**Question 1:** Should investments for which fair values are measured at net asset value (or its equivalent) using the practical expedient be excluded from categorization within the fair value hierarchy? If not, why not and how should those investments be categorized?

**Response 1:** Yes, we agree that investments for which fair values are measured at net asset value (or its equivalent) ("NAV") using the practical expedient should be excluded from categorization within the fair value hierarchy. The criteria for categorizing investments for which fair value is measured at NAV are different from those used for all other items included in the categorization disclosures, which are based on the observability of significant inputs. Removal of investments measured at NAV from the categorization disclosures eliminates this inconsistency, which will improve the quality of the information presented.

**Question 2:** Should the scope of the disclosures required in paragraph 820-10-50-6A be limited to only investments measured at net asset value (or its equivalent) using the practical expedient rather than all investments that are eligible to be measured at net asset value (or its equivalent) using the practical expedient? If not, why not?

**Response 2:** We agree that the scope of certain of the disclosures required in paragraph 820-10-50-6A should be limited to only investments measured at NAV using the practical expedient. In particular, we believe that the disclosures in Subparagraphs (a), (d), (e), (f) and (h) should only be required for investments measured at NAV using the practical expedient. However, we believe that the disclosures in Subparagraphs (b) and (c) related to redemption restrictions and unfunded commitments are relevant for all investments measured at NAV without regard to

whether the practical expedient has been used to measure fair value. Accordingly, we suggest that the Proposed Update be amended to continue to require the disclosures in Subparagraphs (b) and (c) for all investments eligible to be measured at NAV.

**Question 3:** Should any other disclosures be required for investments for which fair values are measured at net asset value (or its equivalent) using the practical expedient?

**Response 3:** No, we do not believe there are any other disclosures that should be required for investments for which fair values are measured at net asset value (or its equivalent) using the practical expedient.

**Question 4:** Should the proposed amendments be applied retrospectively? If not, why not?

**Response 4:** Yes, we believe the proposed amendments should be applied retrospectively. If retrospective application is not required, the disclosures in the fair value hierarchy would not be consistent for comparative periods, which would compromise the usefulness of the disclosure. In addition, the time and cost associated with retrospective implementation is not expected to be significant.

**Question 5:** How much time would be needed to implement the proposed amendments? Should early adoption be permitted?

**Response 5:** The time needed to implement the proposed amendments is not expected to be significant as the information necessary to modify the fair value disclosures for comparative periods is already known and no new information would need to be gathered or created to comply with the modified disclosure requirements.

**Question 6:** Do entities other than public business entities (that is, private companies and not-for-profit entities) need additional time to apply the proposed amendments? Why or why not?

**Response 6:** No. Entities other than public business entities do not need additional time to apply the proposed amendments. As described in our responses to Questions 5 and 6, the time and cost associated with implementing the new disclosure requirements is not expected to be significant as the information is expected to be readily available.

**Other Comments:** We also offer the following additional comments for consideration by the Board:

The required disclosures in paragraphs 715-20-50-1 and 50-6 are similar to those in Topic 820 regarding the classification in the fair value hierarchy of investments held by defined benefit pension and postretirement benefit plans. The required disclosures in Topic 715 have been largely consistent with those in Topic 820; however, the Topic 715 requirements stand on their own and do not directly reference the requirements in Topic 820. The amendments in the Proposed Update will create a difference in disclosures in that investments measured at NAV using the practical expedient held by a defined benefit plan will continue to be reported in the fair value hierarchy in the Topic 715 disclosures included in the plan sponsor's financial statements; however, any investments measured at NAV using the practical expedient held directly by the entity would be excluded from the fair value hierarchy in its fair value disclosures.

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This disparity will be particularly evident when comparing the financial statements of a defined benefit plan and its plan sponsor. We currently audit the financial statements of over 1,200 employee benefit plans, and in our experience, preparers and users of defined benefit plan and plan sponsor financial statements have a significant need for the Topic 715 disclosures in the plan sponsor's financial statements to be consistent with the Topic 820 disclosures in the plan's financial statements. Accordingly, we recommend that the Board make amendments similar to those in the Proposed Update to the disclosure requirements in Topic 715.

Thank you again for the opportunity to comment on this exposure draft. We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to David Grubb at [david.grubb@plantemoran.com](mailto:david.grubb@plantemoran.com) or 248.223.3745 or Theresa Banka at [theresa.banka@plantemoran.com](mailto:theresa.banka@plantemoran.com) or 248.223.3572.

Very truly yours,

**PLANTE & MORAN, PLLC**