January 15, 2015

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

By e-mail: director@fasb.org

Re: 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)

(File Reference No. EITF-14B)

Dear Ms. Cosper:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Robert M. Rollmann, Chair of the Financial Accounting Standards Committee at (914) 421-5605, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Scott M. Adair
President

Attachment

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

**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)**

(FILE REFERENCE NO. EITF-14B)

January 15, 2015

Principal Drafters

Agwu Agwu
Christina Catalina
Craig T. Goodman
Michael D. Kasperski
Sean Matthews
Robert M. Rollmann
Ahmen Shaik

NYSSCPA 2014 – 2015 Board of Directors

Scott M. Adair,
President
Joseph M. Falbo,
President-elect
F. Michael Zovistoski,
Secretary/Treasurer
Harold L. Deiters,
Vice President
Timothy Hedley,
Vice President
Scott D. Hosler,
Vice President
Cynthia A. Scarinci,
Vice President
Joanne S. Barry,
ex officio

Anthony T. Abboud
William Aiken
Gregory J. Altman
Paul E. Becht
Barbara E. Bel
Christopher G. Cahill
Anthony S. Chan
John F. Craven
Peter H. Frank
Rosemarie A. Giovinazzo-Barnickel
Elizabeth A. Haynie
Jan C. Herringer
Scott Hotalen
Jean G. Joseph
J. Michael Kirkland

Kevin Matz
Michael E. Milisits
Jacqueline E. Miller
Barbara L. Montour
M. Jacob Renick
Arthur J. Roth
Warren Ruppel
Stephen T. Surace
Tracy D. Tarsio
Yen D. Tran
Mark Ulrich
Beth van Bladel
Richard T. Van Osten
Mark Weg
David J. Wojnas
David G. Young

NYSSCPA 2014 – 2015 Accounting & Auditing Oversight Committee

Jan C. Herringer**,** *Chair*
Joseph Caplan
Neil Ehrenkrantz
Sharon Sabba Fierstein

Kenneth Gralak
Renee Mikalopas-Cassidy
Rita M. Piazza
Robert Rollmann

Thomas Sonde
William M. Stocker III
Steven Wolpow

NYSSCPA 2014 – 2015 Financial Accounting Standards Committee

Robert M. Rollmann, *Chair*
Craig T. Goodman, *Vice Chair*
Agwu Agwu
Brian M. Aledort
Kenneth Bosin
Christina Catalina
J. Roger Donohue
Deepak Doshi
Robert A. Dyson
Roseanne T. Farley
Sharon Sabba Fierstein
John Georger

Jo Ann Golden
Fred R. Goldstein
Haren Gosar
Abraham E. Haspel
Edward P. Ichart
Tamar Kadosh
Michael D. Kasperski
Kevin Lee
Joseph Maffia
Sean Martell
Sean Matthews
John J. McEnerney

Joseph Montero
Lingyun Ou
Ritchie Pagunsan
Richard Posen
Renee Rampulla
Ahmed Shaik
Daniel Shea
Mark Springer
Margaret A. Wood
Silvia S. Yehezkel
Sherrard Zamore

NYSSCPA Staff

Ernest J. Markezin
William R. Lalli

New York State Society of Certified Public Accountants

Comments on

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) (File Reference No. EITF-14B)

General Comments

We welcome the opportunity to respond to the FASB's invitation to comment on the FASB Exposure Draft, 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), a proposal of the Emerging Issues Task Force* (the Proposed Update).

We are pleased to see that the Emerging Issues Task Force (EITF) has taken action to eliminate the subjectivity involved in determining at which level in the ASC 820 fair value hierarchy an investment valued using the practical expedient should be classified. Because the current guidance classifies investments valued using the practical expedient based upon their relative redemption liquidity rather than the transparency of the valuation input, we believe that such a practice lacks the specificity for clear and consistent hierarchy presentation. Therefore, we are generally supportive of the Proposed Update which eliminates the requirement to categorize these investments within a specific level of the fair value hierarchy.

Specific Comments

We have the following responses to the questions posed in the Proposed Update along with suggestions for the FASB'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: Yes, we believe that investments that are valued using the practical expedient should be excluded from the fair value hierarchy.

The objective of the fair value hierarchy is to differentiate investments based on the observability of the inputs used to value the investment, whereas investments valued using the practical expedient all share the same level of observability in regard to their inputs which is the fund's net asset value (NAV) as provided by the underlying fund.

The current practice of assigning a fair value hierarchy to an investment valued using the practical expedient is determined based on an entity's ability to redeem the investment in the near term (typically 90 days or less) as level 2 and as level 3 for investments not redeemable in the near term (typically beyond 90 days). We believe that this current practice is not in line with the fundamental purpose and framework of the fair value hierarchy guidance, resulting in inconsistent leveling of the investment and bears little relationship to the observability of the valuation input. Therefore, we support excluding investments valued using the practical expedient from the fair value hierarchy table. However, we believe that there should be sufficient disclosure reconciling the investments presented in the fair value hierarchy table to the total amount of investments being shown on the balance sheet, as proposed in the Update.

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: No, we believe that all investments able to be measured at net asset value (or its equivalent) including those valued using the practical expedient should be subject to the disclosures required in paragraph 820-10-50-6A. We believe these disclosures are valuable to the users of the financial statements regardless of the valuation method chosen.

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: No, we do not believe any additional disclosures should be required.

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

Response: Because the Proposed Update would not have an effect on the investment valuation of assets measured using the practical expedient, we do not believe retrospective application should be required, but we believe retrospective application should be optional. If retrospective application is used, there should be specific reference to its adoption, and clear disclosures of the effect of the adoption on the Level 3 roll forward.

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

Response: We believe that financial statement preparers and auditors should be able to implement the Proposed Update easily. While implementation time will vary, we believe that it should be insignificant, and early adoption should be permitted.

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: No, we do not believe that entities other than public business entities need additional time to apply the proposed amendments.