

The Blackstone logo consists of the word "Blackstone" in a white, serif font, centered within a dark rectangular background.

January 15, 2015

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via email: director@fasb.org

Dear Technical Director,

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

The Blackstone Group (“Blackstone”) is pleased to comment on the proposed Accounting Standards Update on Fair Value Measurement, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (“the Proposed ASU”).

Blackstone is a leading asset manager that specializes in managing alternative asset classes such as private equity funds, real estate funds, hedge fund solutions oriented funds, and credit-oriented funds with approximately \$284 billion of assets under management as of September 30, 2014. Blackstone’s consolidated financial statements include certain funds within the hedge funds solutions segment that measure their investments in other entities using the net asset value per share, or its equivalent, as practical expedient for fair value.

Additionally, Blackstone is responsible for the preparation of audited financial statements for non-public funds (the “Fund(s)”). Funds managed within Blackstone’s hedge fund solutions segment typically hold investments in other investment funds or limited partnerships that calculate their reported net asset values in accordance with the measurement principles applied to investment companies, in accordance with ASC 946, *Financial Services- Investment Companies*. As such, the Funds generally measure the fair value of investments in such entities using the reported net asset value per share, or its equivalent, as practical expedient for fair value.

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Consistent with the basis of conclusions for the Proposed ASU, we believe that the classification within the fair value hierarchy for investments for which fair value is based on net asset value per share, or its equivalent, has been inconsistently applied across the industry with some arbitrary distinctions applied to determine the fair value level. We also note that investments may be transferred in and out of levels two and three depending on the timing of the reporting date and the date on which redemptions are permitted or other restrictions are in effect. We therefore agree with the proposals contained in the Proposed ASU to exclude these types of investments from the fair value hierarchy both for public and non-public entities.

We would, however, like to take this opportunity to request that the Board also consider limiting the disclosures that are currently required under ASC 820-10-50-6A. While we understand the initial basis for including these disclosures, we note that they do not provide timely or decision-useful information for users of the financial statements, especially with respect to the Funds. Furthermore, the liquidity related disclosures currently required are not indicative of the observability of pricing inputs of the investments held by the underlying investment entities and therefore, given the Proposed ASU, are wholly unrelated to the fair value measurement.

We are generally required to distribute audited financial statements to investors within a 180-day timeframe. The requirement to include these disclosures results in stale information being communicated to investors. Investors in our Funds are aware of redemption timeframes of the underlying investment entities and restrictions that may be placed on redemptions through active communication. Investors are also aware of their respective liquidity and redemption terms as governed by each Fund's legal agreements and as reported in the audited financial statements of the Funds. The liquidity disclosures required by ASC 820-10-50-6A may differ from the redemption terms available directly to the investors of the Funds due to timing of the audited financial statements. Therefore, these disclosures do not represent meaningful or timely information for the users of the financial statements.

Additionally, while the Proposed ASU notes that there are expected costs savings associated with reporting entities no longer needing to evaluate in which level of the fair value hierarchy investments measured at net asset value, or its equivalent, should be categorized, costs associated with the required liquidity disclosures remain the same. While the fair value classification would no longer be required, the liquidity information underpinning the fair value classification would still be necessary under the disclosure requirements of ASC 820-10-50-6A. Furthermore, given the potential challenges and scalability associated with gathering the underlying data and the varying interpretation of current requirements under ASC 820-10-50-6A, there may continue to be inconsistency with the information reported amongst constituents applying such guidance.

We appreciate the opportunity to comment on the Proposed ASU. If you have any questions on the comments provided, please do not hesitate to contact me at 212 583 5605.

Yours truly,



Kathleen Skero
Principal Accounting Officer
The Blackstone Group