

February 11, 2015

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

RE: File Reference 2014-270: Proposed Accounting Standards Update, *Financial Services – Investment Companies: Disclosures about Investments in Other Investment Companies (Topic 946)*

Dear Ms. Cospier:

Untracht Early LLC appreciates the opportunity to comment on the Proposed Accounting Standards Update, *Financial Services – Investment Companies: Disclosures about Investments in Other Investment Companies (Topic 946)*.

Untracht Early LLC is a leading Certified Public Accounting Firm. Since 1993, the firm has assisted high net worth individuals and family-owned businesses, as well as alternative investment and financial services clients through the tax, accounting, assurance, and advisory services its professionals provide.

Our responses to the questions in the Exposure Draft are included for your consideration.

Thank you 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 Adam Doctor at 973-805-7109 or adoctor@untracht.com.

Very truly yours,

Untracht Early LLC

Untracht Early LLC
Proposed Accounting Standards Update, Financial Services – Investment Companies:
Disclosures about Investments in Other Investment Companies (Topic 946)

(File Reference 2014-270)

Responses to Specific Questions:

Question 1: Do you agree that all feeder funds in a master-feeder arrangement (those that are regulated under the Investment Company Act of 1940 and those that are not regulated under that Act) should provide the financial statements of their master fund along with their own financial statements? Why or why not?

Response: We believe that all feeder funds in a master-feeder arrangement should provide the financial statements of their master fund along with their own financial statements to strengthen the level of consistency and transparency into the master fund in all master-feeder arrangements. It is important that the reader of the feeder fund financial statements also read the master fund financial statements as, in most cases, substantially all of the equity of the feeder fund is invested in the master fund and the performance of the feeder fund is directly affected by the performance of the master fund. In addition, all feeder funds (whether regulated or not regulated under the Investment Company Act of 1940) should have the same requirements since the cost associated with this change would seem to be low and it already appears as if most feeder funds (whether regulated or not regulated under the Act) are already providing their master funds' financial statements along with their own.

Question 2: Do you agree that all investment companies (those that are regulated under the Investment Company Act of 1940 and those that are not regulated under that Act) should be required to disclose in their financial statements information about investments held by investee funds that exceed 5 percent of the reporting investment company's net assets? Why or why not?

Response: We believe that in order to improve consistency among investment company financial statements, all investment companies should either be required or not required to disclose in their financial statements information about investments held by investee funds that exceed 5 percent of the reporting investment company's net assets. Requiring all investment companies to make this disclosure would help to provide more information to the users of the financial statements. However, the cost to implement such disclosure could be high depending on the amount of investments held by the investee funds.

Question 3: Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability and/or auditability issues and why?

Response: The proposed disclosure requirement for feeder funds in a master-feeder arrangement to provide the financial statements of their master fund along with their own financial statements would appear to create value to investors and other users of the financial statements while not being costly to implement. Additionally, in most cases, this proposed disclosure requirement is already being practiced and auditors should already be familiar with this requirement. Therefore, we don't foresee any auditability or operability concerns related to this proposed disclosure.

However, we do foresee there being potential operability and auditability issues with the proposed disclosure requirement that all investment companies should disclose information about investments held by investee funds that exceed 5 percent of the reporting investment company's net assets. The investee funds are most likely not audited by the same auditor as the investment company, therefore, getting the information about the investments of the investee funds to determine which investments are over 5 percent and should be disclosed could be difficult and/or time-consuming, depending on the amount and type of investments held by the investee fund. The investment manager of the reporting entity would have to contact the investment managers of all the investee funds and request detailed investment information. The reporting investment company could then come up with the investments to disclose, but the auditors would then have to request the same information from the auditors of all those funds so they could properly audit the information. While this proposed disclosure requirement could be met, the operability and auditability would vary greatly depending on the investee funds' investments so the cost might outweigh the benefit in many situations.

Question 4: How much time would be necessary to implement the proposed amendments?

Response: Our recommendation would be to make the effective date one year after the Accounting Standard Update is issued. This would provide an entity with enough time for implementation as it should be rather seamless since these disclosure requirements are not extensive and are already being practiced in most cases.

Question 5: Should the effective date for investment companies other than public business entities be one year after the first annual period for which public business entities are required to adopt the proposed amendments?

Response: We don't think the effective date for nonpublic investment companies needs to be different than public companies since these changes are already being practiced and should be relatively easy to implement.

Question 6: Do you agree that the proposed disclosure requirements should be applied prospectively and that early adoption should be permitted? Why or why not?

Response: We agree that early adoption should be permitted since these disclosure requirements are already being practiced and that these changes should be applied prospectively as a retrospective application would be more costly and provide minimal value.