

February 17, 2015

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

By e-mail: [director@fasb.org](mailto:director@fasb.org)

**Re: Proposed Accounting Standards Update – Financial Services—Investment Companies  
(Topic 946): Disclosures about Investments in Other Investment Companies**

**(File Reference No. 2014-270)**

Dear Ms. Cospers:

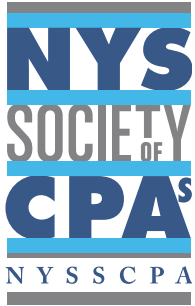
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

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 –  
FINANCIAL SERVICES—INVESTMENT COMPANIES (TOPIC 946): DISCLOSURES  
ABOUT INVESTMENTS IN OTHER INVESTMENT COMPANIES**

**(FILE REFERENCE NO. 2014-270)**

**February 17, 2015**

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Ernest J. Markezin

## New York State Society of Certified Public Accountants

### Comments on

### **Proposed Accounting Standards Update – Financial Services—Investment Companies (Topic 946): Disclosures about Investments in Other Investment Companies (File Reference No. 2014-270)**

#### **General Comments**

We welcome the opportunity to respond to the FASB's invitation to comment on the FASB's Proposed Accounting Standards Update, *Financial Services—Investment Companies (Topic 946): Disclosures about Investments in Other Investment Companies* (the Proposed Update).

In general, we agree with the Proposed Update. See our responses to the questions for respondents, below.

#### **Specific Comments**

**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 agree that all feeder funds in a master-feeder arrangement (both 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.

A feeder fund that is regulated by the Investment Company Act of 1940 is required to provide the master fund financial statements along with the feeder fund financial statements. It has also become current accepted industry practice for a non-regulated feeder fund to provide the master fund financial statements with the feeder fund financial statements. Therefore, we believe the proposed amendment improves U.S. generally accepted accounting principles (GAAP) by aligning it with existing practice. The codification of currently accepted practice should not have a significant impact on existing industry practice and makes requirements consistent for all investment company entities.

**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 agree that to the extent the information referred to in paragraph 946-210-50-9 is available and practicable to obtain, all investment companies should be required to disclose in their financial statements such information about investments held by investee funds that exceed five percent of the reporting investment company's net assets, regardless of whether the investment company is regulated or not by the Investment Company Act of 1940. We believe this will provide consistency between regulated and unregulated investment companies and important transparency of investment information.

We also believe that the practicability exception in ASC 946-210-50-10 should continue to be applicable and applied by reporting investment companies in this proposed amendment. In those situations in which the reporting investment company is unable to provide the information about investments of investee funds when the investment's fair value individually exceeds five percent of the reporting investment company's net assets, that exception permits an investment company to disclose that the information about the investee investment company's investment portfolio is not available.

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

**Response:** As discussed in our responses to questions 1 and 2, it is our view that the disclosure requirements are operable and auditable provided the practicability exception stays effective for all investment companies (those that are regulated under the Investment Company Act of 1940 and those that are not regulated under that Act).

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

**Response:** As the proposed amendment does not substantially change current practice, it is our view that implementation of the amendment should not require significant additional time.