

Private Company Financial Reporting Committee

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Judith H. O'Dell CPA CVA
Chair

December 19, 2011

Ms. Leslie Seidman
Chairman
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856

Re: Proposed Accounting Standards Update, Financial Services – *Investment Companies: Amendments to the Scope, Measurement, and Disclosure Requirements* (“Proposed ASU”)

Dear Ms. Seidman:

The PCFRC has reviewed and discussed the Proposed ASU and offers the following recommendations and comments to select Respondent Questions.

Respondent Question 1: The proposed amendments would require an entity to meet all six of the criteria in paragraph 946-10-15-2 to qualify as an investment company. Should an entity be required to meet all six criteria, and do the criteria appropriately identify those entities that should be within the scope of Topic 946 for investment companies? If not, what changes or additional criteria would you propose and why?

PCFRC Response:

The PCFRC agrees with the proposed criteria and believes that it will serve to appropriately identify those entities that should be within the scope of Topic 946.

Respondent Question 17: Do you agree with the additional proposed disclosures for an investment company? If not, which disclosures do you disagree with, and why? Would you require any additional disclosures and why?

PCFRC Response:

Paragraph 11 of the Proposed ASU adds topic 946-20-50-15, as follows:

946-20-50-15 An investment company shall disclose whether it has provided financial support during the periods presented to any of its investments that it was not previously contractually required to provide support to or whether it **intends** to provide such support, including the following:

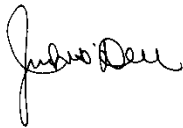
- a. The type and amount of support provided, including situations in which the investment company assisted the investee in obtaining financial support
- b. The primary reasons for providing the support.

The PCFRC recommends removing the requirement for an investment company to disclose whether it **intends** to provide financial support. Accurately identifying and explaining intentions are challenging and including such subjective and capricious information in the financial statements is problematic. Moreover, a practitioner's ability to effectively audit "intentions" is questionable and at best would be a demanding responsibility to add on to the audit function. Disclosures should be contained to contractual obligations and not encompass "intentions" of financial support.

In addition, the PCFRC recommends that the definition of "financial support" be clarified to help readers better understand what that definition would comprise.

The PCFRC appreciates the FASB's consideration of these recommendations and comments. Please feel free to contact me if you have any questions or comments.

Sincerely,



Judith H. O'Dell
Chair
Private Company Financial Reporting Committee