

Morgan Stanley

July 08, 2009

Mr. Russell G. Golden
Director, TA&I
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed FASB Staff Position FAS 157-g, *Estimating the Fair Value of Investments in Investment Companies That Have Calculated Net Asset Value per Share in Accordance with the AICPA Audit and Accounting Guide, Investment Companies*

Dear Mr. Golden:

Morgan Stanley appreciates the opportunity to comment on the proposed FASB Staff Position FAS 157-g, *Estimating the Fair Value of Investments in Investment Companies That Have Calculated Net Asset Value per Share in Accordance with the AICPA Audit and Accounting Guide, Investment Companies* (the "Proposed FSP"). We have also contributed to the letter submitted by the International Swaps and Derivatives Association ("ISDA") on the Proposed FSP.

We are supportive of the FASB's efforts to provide additional authoritative guidance on the application of FASB Statement No. 157, *Fair Value Measurements* for estimating the fair value of investments in entities which have a calculated net asset value ("NAV") per share.

Specifically, we strongly agree with the Board's decision that NAV per share, without further adjustment, is the most relevant estimate of fair value for investments in alternative investments that do not have readily determinable fair values. We also agree that adjustments to NAV based on features and/or attributes of the investment would be highly subjective and result in reduced comparability of financial statements.

However we are very concerned that the effective date of the Proposed FSP, as currently drafted, is not operational. The proposed FSP requires several new disclosures about the features and attributes of investments within its scope. Given the date on which the public comment period ends (July 8, 2009), and the assumed date of issuance of the final guidance (July 31, 2009), it is operationally not feasible for Morgan Stanley, which has hundreds of investments that fall within the scope of the Proposed FSP, to gather the required information to implement the disclosures for our June 30, 2009 financial statements. Therefore, we strongly recommend that the FASB change the effective date to no earlier than interim and annual reporting periods ending after September 15, 2009, with early adoption permitted.

We also offer the following comments that we believe would improve the effectiveness of the final standard.

Scope of Disclosures

The scope of disclosures as outlined in paragraph 16 of the Proposed FSP is unclear. We interpret the disclosure requirements to apply to investments within the scope of the Proposed FSP that are reflected at fair value in the statement of financial position. If that is what the Board intends, we recommend that the following clarifying change be made to the first sentence of paragraph 16 of the proposed FSP. [Inserted text is underlined and deleted text is ~~stricken~~]

For investments ~~If an investment is~~ within the scope of this FSP that are reflected at fair value in the statement of financial position, for both recurring and nonrecurring fair value measurements, a reporting entity shall disclose information that enables users of its financial statements to understand the nature and risks of the investment.

Scope of Proposal

We recommend that the FASB follow a principles based approach and broaden the scope of the Proposed FSP, including for disclosures, to include all investments in entities that are required to report their investment assets at fair value and for which a NAV per share is computed. Currently, the scope of the Proposed FSP is limited to investments in investment companies that have calculated a NAV per share in accordance with the AICPA Audit and Accounting Guide, *Investment Companies*. However, there are international funds which may not be within the scope of the Investment Company audit guide but nevertheless report their investment assets at fair value and for which a NAV per share is computed. In those situations, we believe the NAV per share is a good indication of the price an investor would receive to sell its investment. We believe broadening the scope to include these types of investments would provide better decision-useful information to financial statement users by increasing the consistency of fair value measurements and providing a more holistic representation of a Company's investments in entities which have a calculated net asset value ("NAV") per share.

Again, we thank you for the opportunity to provide comments. Please contact me at 212-276-7716 if you have any questions.

Sincerely,

/s/ Greg Sigrist
Managing Director
Global Head of Accounting Policy