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Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

20 July 2020

**Re: Request for comment on Good Faith Determinations of Fair Value
(Release No. IC-33845; File No. S7-07-20)**

Dear Ms. Countryman:

Ernst & Young LLP is pleased to provide comments to the Securities and Exchange Commission (Commission) on its proposal related to good faith determinations of fair value for fund investments.

We support the Commission's proposed rescission of Accounting Series Release (ASR) No. 113, *Statement Regarding "Restricted Securities,"* and ASR No. 118, *Accounting for Investment Securities by Registered Investment Companies*, which were issued in 1969 and 1970, respectively, and provide guidance on the role of the board in fair value determinations and on certain accounting and auditing matters related to fund investments.¹

We agree with the Commission that US GAAP addresses the accounting topics covered in ASRs 113 and 118. Therefore, we believe the rescission of these ASRs would eliminate the potential confusion caused by having two sources of authoritative accounting literature addressing the same topics.

We also agree with the Commission that the fund-specific auditing requirements in ASR 118 are no longer needed because the Public Company Accounting Oversight Board (PCAOB) has the authority to oversee the audits of companies that are subject to the federal securities laws and establish or adopt professional standards for auditors.

We believe that the Commission and its staff will continue to have the ability to address any concerns about the accounting or auditing for certain fund transactions or financial statement accounts. For example, the Commission or the staff could refer these matters to the Financial Accounting Standards Board or PCAOB for potential standard setting.

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¹ ASRs 113 and 118 are codified in the Commission's Codification of Financial Reporting Policies Section 404.04, *"Restricted" Securities*, and Section 404.03, *Accounting, Valuation and Disclosure of Investment Securities*, respectively.



We would be pleased to discuss our comments with the Commission or its staff at its convenience.

Very truly yours,

Ernst + Young LLP

Copy to:

Ms. Alison Staloch, Chief Accountant, Division of Investment Management
Mr. Sagar Teotia, Chief Accountant, Office of the Chief Accountant