

MEMO# 25699

December 8, 2011

FASB Extends Comment Deadline on Investment Company And Consolidation Proposals

[25699]

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TO: ACCOUNTING/TREASURERS COMMITTEE No. 21-11
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 64-11 RE: FASB EXTENDS COMMENT DEADLINE ON INVESTMENT COMPANY AND CONSOLIDATION PROPOSALS

As you know, the FASB recently issued a proposal that would modify the criteria used to determine whether an entity qualifies as an investment company. [\[1\]](#) Among other things, the proposal would require an investment company to consolidate another investment company, if it holds a controlling financial interest in that investment company.

The FASB recently issued a separate proposal that would modify the consolidation model for variable interest entities. [\[2\]](#) The proposal introduces a qualitative analysis to determine whether a decision maker is using its power as a principal or an agent. The proposed changes to the consolidation model are intended to address the circumstances in which an adviser would consolidate funds it manages.

At a meeting earlier today, the FASB decided to defer the comment deadline on these two proposals, and also the investment property entities proposal, to February 15. In addition, the FASB stated its intent to hold a public roundtable on the proposals in March.

Gregory M. Smith
Director - Operations/Compliance & Fund Accounting

endnotes

[\[1\]](#) See ICI [Memorandum](#) No. 25609 (November 2, 2011).

[\[2\]](#) See ICI [Memorandum](#) No. 25642 (November 16, 2011).

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