



MANAGED FUNDS ASSOCIATION

January 12, 2007

Via FedEx and Electronic Mail: SESutay@fasb.org

Attention: Stacy Sutay

Mr. Robert H. Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Proposal to Postpone Effective Date of FIN 48

Dear Chairman Herz:

The Managed Funds Association (“MFA”) respectfully urges the Financial Accounting Standards Board (“Board”) to adopt the proposal of the Tax Executives Institute, Inc. (“TEI”), as set forth in a letter dated December 16, 2006, to postpone the effective date of FIN 48 on *Accounting for Uncertainty in Income Taxes* for at least one year so that it would take effect with respect to fiscal years beginning after December 15, 2007.

Managed Funds Association (“MFA”) is the only U.S.-based global membership organization dedicated to serving the needs of those professionals throughout the world who specialize in the alternative investment industry, including hedge funds, commodity pool operators, funds of funds and managed futures funds. MFA’s over 1,200 members include professionals from the majority of the 50 largest hedge funds, which manage a significant portion of the estimated \$1.3 trillion in assets under management currently invested with hedge funds.

MFA commends the Board for its continuing efforts to improve financial reporting. As TEI and others have noted, however, FIN 48 represents a fundamental change in the manner in which firms, including private investment funds, account for and disclose uncertainty regarding income tax positions and there remain a number of substantial unresolved questions which will impede the effective implementation of FIN 48 unless the effective date is postponed. Moreover, as noted by the Mr. Conrad Hewitt, the Chief Accountant of the U.S. Securities and Exchange Commission (“SEC”) in his letter of December 22, 2006 to the Investment Company Institute (“ICI”), investment funds may face special implementation issues and be required to implement FIN 48 more rapidly than other business enterprises. As a result, Mr. Hewitt’s letter indicates that the SEC staff would not recommend enforcement actions to the SEC if a fund delays implementation of FIN 48 for the period specified in the letter. There is, however, uncertainty in the minds of some whether this “no action” approach would be applicable to private investment funds that are not required to register with the SEC under the Investment Company Act of 1940. Many of these private investment funds are represented by MFA and they will face many of the same problems of interpretation and implementation that registered public investment funds will encounter. As a result, it appears possible that the practical effective date of FIN 48 may occur first for

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private investment funds, thereafter for registered investment funds and still thereafter for other business concerns.

Based on the foregoing, MFA believes that, as recommended by TEI, this date should be deferred for one year to fiscal years beginning after December 31, 2007. This would enable all firms, including both private and registered investment funds, an ample period of time to address both the general requirements of FIN 48 and any sector-specific issues.

Respectfully Submitted,

A handwritten signature in cursive script that reads "John G. Gain".

John G. Gain
President