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July 17, 2026

Jackson Day
Technical Director
Financial Accounting Standards Board
801 Main Avenue
PO Box 5116
Norwalk, CT 06856-5116

Via Email to director@fasb.org

Re: File Reference No. 2026-ED300

Dear Mr. Day:

Grant Thornton LLP appreciates the opportunity to comment on the Proposed Accounting Standards Update, *Fair Value Measurement (Topic 820) – Investment Companies with Equity Securities Subject to Contractual Sale Restrictions*.

We appreciate the practical issues outlined in the proposed ASU and we believe the proposed amendments will address those issues.

However, we are concerned that the resulting amended guidance in Topic 820 will specify distinct fair value measurement inputs based on the type of reporting entity, and that this will create a situation similar to that before the issuance of ASU 2022-03 in which parts of Topic 820 either permit or prohibit including the effect of a contractual sale restriction in certain fair value measurements.

We do not believe the fair value of an asset or liability should be impacted by the type of reporting entity, nor do we believe that the type of asset or liability should determine whether a contractual sales restriction (or other similar separate arrangement) impacts its fair value.

Further, we believe the lack of a principle underlying the inclusion or exclusion of contractual sale restrictions in or from fair value measurements will give rise to questions in practice about whether other types of entities (non-investment companies) that manage assets on a fair value basis, such as broker-dealers and pension plans, may apply the proposed guidance. We also expect that stakeholders will have questions about whether contractual sale restrictions or other similar

separate arrangements related to other types of assets (non-equity securities) may be reflected in an asset's fair value.

Accordingly, we encourage the Board to add to its technical agenda a broader project to reconsider under what circumstances arrangements separate from the asset or liability being measured at fair value should be reflected in the measurement, and how to determine a contractual sale restriction's unit of account (that is, whether it is freestanding or embedded in a financial instrument).

Please see the Appendix to this letter for our responses to certain of the questions in the proposed ASU.

We would be pleased to discuss our comments with you. If you have any questions, please contact Ryan Brady (ryan.brady@us.gt.com), Graham Dyer (graham.dyer@us.gt.com), or Rahul Gupta (rahul.gupta@us.gt.com).

Sincerely,

/s/ Grant Thornton LLP

Appendix

Our responses to certain of the Questions for Respondents in the proposed ASU

Question 1: Do you agree that the amendments in this proposed Update should apply to investment companies as defined under Topic 946? Please explain why or why not.

We agree. We acknowledge the issues described in the proposed ASU and we believe that application of the proposed guidance by investment companies as defined under Topic 946 will address those issues.

We are, however, concerned that the proposed guidance would introduce an alternative method of measuring fair value under Topic 820 that depends on the type of reporting entity and that the amended guidance in Topic 820 would refer to both measurements that incorporate and do not incorporate the effects of contractual sale restrictions as *fair value* measurements.

Specifically, as proposed, ASC 820-10-35-36BB explains that a contractual sale restriction (a characteristic of the reporting entity holding an equity security) is not considered in measuring the *fair value* of the security.

In addition, proposed paragraph 820-10-35-36BBB explains that an investment company shall incorporate the effect of a contractual sale restriction in the *fair value* measurement of the security.

Rather than amending Topic 820 to require that investment companies reflect contractual sale restrictions in equity security fair value measurements, we suggest that the Board consider amending the guidance in Topic 946 to require that investment companies adjust the fair value of an equity security, determined in accordance with Topic 820, to reflect the effect of a contractual sale restriction.

We believe that such an approach could achieve the Board's objective without introducing alternative fair value measurement guidance dependent on the type of reporting entity. For example, the guidance in ASC 946-320-35 could be amended as follows:

946-320-35-1 An investment company shall measure investments in debt ~~and equity~~ securities subsequently at fair value.

946-320-35-1A An investment company shall measure investments in equity securities subsequently at fair value, adjusted for the effect (a discount) of a contractual sale restriction that is a characteristic of the reporting entity holding the security and that prohibits the investment company from selling the equity security on the measurement date. The adjustment shall reflect the amount market participants would demand because of the risk relating to the inability to sell the equity security during a specified period.

Question 2: Do you agree that an investment company should consider a contractual restriction prohibiting the sale of an equity security when measuring the fair value of that equity security? Should this guidance be optional? Please explain why or why not.

Despite our conceptual concerns outlined in our 2021 comment letter¹, we believe it is important to address the practical issues described in the proposed ASU and we acknowledge that requiring an investment company to consider a contractual restriction prohibiting the sale of an equity security when measuring the fair value of that equity security would address those issues. We believe that this guidance should not be optional.

We are concerned that the term “contractual sales restriction” is not defined, and we believe the proposed amendments will heighten the importance of, and scrutiny on, determining whether an equity security is subject to a contractual sales restriction meant to be addressed by the proposed amendments.

Paragraph BC17 in the proposed ASU appears to describe important, if not entirely sufficient, scoping concepts that should be included in the proposed amendments, such as the notion that a contractual sales restriction should only be reflected in the fair value measurement of an equity security if the restriction is freestanding and not an element of another arrangement such as a loan. We encourage the Board to consider further developing the guidance on identifying a “contractual sales restriction” for purposes of applying the proposed amendments.

Question 5: Do you agree with the transition guidance in this proposed Update? Please explain why or why not. Should an investment company instead be permitted to apply the proposed amendments only to equity securities with contractual sale restrictions that are executed or modified on or after the date of adoption, rather than to all equity securities with contractual sale restrictions in effect at the date of adoption? If so, please describe the nature of the transactions or circumstances that would necessitate that transition alternative and how frequently those circumstances arise in practice.

We note that the rationale provided for the proposed transition approach – reduction of comparability and the potential for an investment company accounting for equity securities with contractual sale restrictions under two distinct fair value measurement

¹ See our comment letter dated November 11, 2021, submitted in response to Proposed Accounting Standards Update, *Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*
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requirements simultaneously – also applied with respect to adoption of the guidance in ASU 2022-03. It is therefore not clear to us why the transition approach for this proposed guidance should differ from that for the guidance in ASU 2022-03.

However, given the direct effect that the proposed guidance would have on the computation of NAV, and the resultant introduction of nonmarket based volatility that would disproportionately affect transaction values on the date of adoption, we encourage the Board to prioritize feedback from investors regarding the proposed transition approach.

Question 7: Do you agree with the early adoption guidance in this proposed Update? Please explain why or why not.

We agree with the early adoption guidance in the proposed Update. It appears to be consistent with the guidance in ASU 2022-03, and we are unaware of any reason to defer adoption.