



Ms. Françoise Flores  
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E-mail: [commentletter@efrag.org](mailto:commentletter@efrag.org)

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Ref.: BAN/HvD/LF/ID

Dear Ms. Flores,

**Re: FEE Comments on EFRAG's Draft Comment Letter on IASB Exposure Draft *Measurement Uncertainty Analysis Disclosure for Fair Value Measurements (Limited re-exposure of proposed disclosure)***

- (1) FEE (the Federation of European Accountants) is pleased to provide you with its comments on the EFRAG's Draft Comment Letter on the IASB Exposure Draft *Measurement Uncertainty Analysis Disclosure for Fair Value Measurements (Limited re-exposure of proposed disclosure)* (the "ED").
- (2) We support, like EFRAG, the proposed changes to the measurement uncertainty analysis disclosure.
- (3) Since the required analysis is focussed on unobservable inputs, we think that the proposals put forward in this limited re-exposure of proposed disclosure represent an improvement as they clarify the wording of the requirement.
- (4) In addition, we share EFRAG's view and agree with the proposals that the correlation is an important factor in providing a meaningful analysis of measurement uncertainty, however, only in cases where correlation is relevant and significant.

Our responses to the questions in the Invitation to comment of the ED are included as an Appendix to this letter.

For further information on this letter, please contact Leyre Fuertes, Project Manager.

Yours sincerely,

Hans van Damme  
President

Appendix – Comments on the EFRAG draft comment letter including the responses to the questions in the Invitation to comment of the IASB Exposure Draft *Measurement Uncertainty Analysis Disclosure for Fair Value Measurements (Limited re-exposure of proposed disclosure)*

**Question 1**

Are there circumstances in which taking into account the effect of the correlation between unobservable inputs (a) would not be operational (eg for cost-benefit reasons) or (b) would not be appropriate? If so, please describe those circumstances.

**Question to constituents**

EFRAG is not aware of any specific instances where (a) or (b) would apply and would like to know if constituents are aware of such instances.

- (5) Like EFRAG, we are not aware of any specific instances where (a) or (b) would apply. Our understanding is that there is quite limited empirical data regarding this issue.

**Question 2**

If the effect of correlation between unobservable inputs were not required, would the measurement uncertainty analysis provide meaningful information? Why or why not?

- (6) In line with EFRAG, we agree that the requirement for the sensitivity analysis to consider the effect of correlation between unobservable inputs provides more meaningful information. In practice, there may be limited cases where correlation occurs but when it does, in our view, it will be meaningful to take its effect into account provided that such correlation is relevant and its effect is significant. This should be stressed to avoid impractical exercises and to ensure reasonable simplification.

**Alternatives to measurement uncertainty analysis****Question 3**

Are there alternative disclosures that you believe might provide users of financial statements with information about the measurement uncertainty inherent in fair value measurements categorised within Level 3 of the fair value hierarchy that the Board should consider instead? If so, please provide a description of those disclosures and the reasons why you think that information would be more useful and more cost-beneficial.

**Question to constituents**

EFRAG would like to know constituents' suggestions on alternative disclosures that would provide information on measurement uncertainty for assets and liabilities measured at a fair value that relies on level 3 inputs.

- (7) We are not aware of any alternative disclosures that would provide that information.