



Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
GB – LONDON EC4M 6XH

E-mail: commentletters@ifrs.org

14 September 2010

Ref.: BAN/HvD/LF/ID

Dear Sir David,

Re: FEE Comments 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 IASB Exposure Draft *Measurement Uncertainty Analysis Disclosure for Fair Value Measurements (Limited re-exposure of proposed disclosure)* (the “ED”).
- (2) As a founding organisation of EFRAG we have also contributed to the EFRAG consultation process by submitting on 26 August 2010 the FEE comments on EFRAG’s Draft Comment Letter of 9 July 2010. EFRAG has issued its final comment letter on 13 September 2010. We have considered the EFRAG Final Comment Letter in our response and make reference to the EFRAG comments where relevant.
- (3) We support, like EFRAG, the proposed changes to the measurement uncertainty analysis disclosure.
- (4) 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.
- (5) 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,

A handwritten signature in black ink, appearing to be 'Hans van Damme', written over a horizontal line. The signature is stylized and includes a large circular flourish.

Hans van Damme
President

Appendix – 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.

- (6) 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?

- (7) In line with EFRAG, we agree that the requirement for the measurement uncertainty 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.

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