Accounting Standards Board

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Stig Enevoldsen
European Financial Reporting Advisory Group
Avenue Des Arts 13-14
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16 April 2009

Dear Stig

EFRAG's Draft Comment Letter on IASB Request for views on Proposed FASB Amendments on Fair Value Measurement and to Impairment Requirements for Certain Investments in Debt and Equity Securities

Thank you for providing the UK Accounting Standards Board (ASB) with the opportunity to comment on your draft response to the Financial Crisis Advisory Group's (FCAG's) request for input published on 10 March 2009.

We broadly agree with the content, analysis and conclusions reached by EFRAG in its draft comment letter. The ASB has responded directly to the IASB on its request for input and a copy of our letter is attached.

Should you have any queries regarding our response please contact me, or Seema Jamil-O'Neill, Project Director, on +44 207 492 2422 or by email s.jamiloneill@frc-asb.org.uk.

Yours sincerely

Ian Mackintosh

Ian Mackintosh
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Gavin Francis
International Accounting Standards Board
30 Cannon Street
London EC4M 6X

16 April 2009

Dear Gavin

IASB Request for views on Proposed FASB Amendments on Fair Value Measurement and to Impairment Requirements for Certain Investments in Debt and Equity Securities

This letter sets out the UK Accounting Standards Board's (ASB's) comments on the International Accounting Standards Board's (IASB) request for input on the proposed FASB Amendments to Fair Value Measurement and to the impairment requirements for certain investments in debt and equity securities, published on 20 March 2009.

The ASB is concerned about the precedent set by the FASB's staff positions set out in FSP No. FAS 157-e '*Determining Whether a Market is Not Active and a Transaction is Not Distressed*' and in FSP No. FAS 115-a, FAS 124-a and EITF 99-20-b '*Recognition and Presentation of Other-Than-Temporary Impairments*' approved by the FASB on 2 April 2009. We understand that these amendments have been made in response to the issues raised by the SEC's study on mark-to-market accounting. The example of the October 2008 Reclassification amendment to IAS 39 '*Financial Instruments: Recognition and Measurement*' made by the IASB shows that when amendments are made without sufficient time allowed for consideration of all aspects, unintended consequences can arise. However, the proposed FASB staff guidance was issued with only a fifteen day comment period and that the FASB debated and approved the changes within a day of the comment period closing. We do not believe that this is sufficient time for constituents to adequately consider the consequences of the changes or permit the Board to fully debate them.

We are also concerned that these changes could undermine investor confidence in financial markets as they are likely to provide opportunities for entities to cherry-pick particular requirements that provided a desired accounting answer while ignoring other related requirements that are not as attractive.

The ASB, therefore, agrees with the IASB's desire (as announced in the IASC Foundation's and IASB's press releases of 2 April and 7 April, respectively) to prioritise the comprehensive project on the recognition and measurement of financial instruments rather than making further piecemeal adjustments. Any changes arising from the FSPs should be considered within the context of that work.

If you would like to discuss any of the comments made above then please contact Seema Jamil-O'Neill on 020 7492 2422 or myself on 020 7492 2434.

Yours sincerely

Ian Mackintosh
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