REDOVISNINGSRÅDET

International Accounting Standards Board
Att. Alan Teixeira
30 Cannon Street
London ED4M 6XH
United Kingdom

Fair Value Measurements.

We are very pleased that the IASB and the FASB have taken on a project with the focus on how to measure fair value and we do welcome the discussion paper publication, as we are of the opinion that there is a need for clear guidance in this area.

However, we are of the opinion, that a debate on how to measure fair value should not take place in isolation and that a number of issues related to measurement must be taken into account when discussing various aspects of fair value measurement. Such issues include the following:

- *The scope of application of fair values.* To us, much points to that there is an underlying assumption with the IASB and the FASB, that in most cases there are active, liquid markets. The fair value often referred to is the result of transactions, that are thought of as taking place on such markets or could easily be derived from transactions on such markets. However, outside the area of quoted financial instruments there are in our experience only few active and liquid markets. Rather the norm is a less than active market with limited liquidity. Lots of transactions do not really take place in "markets", they are rather the result of two parties coming to agreement to sell and buy, after negotiations only between the two or after some kind of tender process with just a few players involved. For most of these processes to buy and sell there is no or very limited information publicly available. In the rare cases price information is available for these kinds of transactions, it may be very difficult to establish if the transactions are comparable to the transaction being measured.

  This gives rise to difficult measurement issues and raises questions of relevance and reliability. Before introducing more of fair value based measurement or changing the fair value objective and guidance, we believe that a broad debate with focus on the most common types transactions should take place, that should be aimed at developing measurement approaches that work, where there are no active and liquid markets as reference.

  A debate or views on individual standards that concerns how to measure fair value, that does not take the above perspective into account, runs the risk of

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

focusing at one end of the measurement spectrum, leaving out the vast part of the spectrum, where appropriate measures should be debated and found.

- *The role of measurement in accounting.* From a behavioural point of view accounting has a role to play, when dealing with uncertainties. Measurement at various successive stages of a process could be expected to reflect reductions in uncertainty. Fair value as measurement objective should also be evaluated from this perspective. Does the use of a fair value measurement really reduce uncertainty in many cases?

  In our opinion there are a number of issues that have to be thoroughly analyzed and discussed:
  - Which users and what user needs in general should be satisfied in financial reporting under IFRS?
  - What should preparers try to portray in their financial reporting?
  - On what basis do the IASB and the FASB hold out fair value as the superior measurement basis in most cases under discussion?

- *The consequences of proposed changes to standards.* Standard setters often, and rightly so, go for consistency and proper application of principles according to existing frameworks. This may however not necessarily be the only way to assess whether proposed changes of standards lead to a meaningful outcome. Another way of testing the appropriateness of proposed changes is to look at the consequences that would occur. E.g., if the application of fair value as defined would lead to a day one profit or loss when the transaction price is different from an estimated fair value, a reasonable question to ask would be if this would produce a meaningful outcome, better assisting users in making economic decisions. If the answer is no and if the disadvantages of such a measurement approach are deemed to be bigger than the advantages of a strict application of the principle as defined, there are reasons to re-consider the basis on which the proposed changes are built. It seems to us that a regular test of decision usefulness, in this sense, would be an important part of a standard setter´s evaluation procedure and that fair values as defined not necessarily would stand the test in all the circumstances when fair values are suggested to be applied.

- *The outcome of the debate around the discussion paper.* The reader of the discussion paper is reminded of the fact that in some IFRSs there is measurement guidance that results in a measurement that is treated as if it were fair value even though the guidance is not consistent with the fair value measurement objective. It is stated in the discussion paper (paragraph 8) that the project dealt with in the discussion paper will not change any of this guidance. We believe that such changes should be avoided at this stage. However, the Board may nevertheless conclude that some existing guidance is out dated and should be amended to properly reflect the fair value label.

Issues like the ones above are important to deal with and should in our opinion ideally have been approached before a debate on how to measure fair value takes place. As the Measurement Objectives project has still not come very far, we are somewhat

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

reluctant to respond to the questions raised in the discussion paper, as these questions are asked in isolation and they deserve to be put in a broader perspective.

As we see merits in very soon getting more fair value guidance into IFRS, we still have tried to answer the questions without reference to the wider background that we think needs to be considered to reach well based conclusions. However, in some of our answers we still have made reference to the broader issues, where we have found that necessary.

We tend to see an introduction of a Fair Value Measurement standard along the lines of SFAS 157, as a standard that may very well be changed when the Measurement Objectives project and the Conceptual Framework project have been completed.

Stockholm 29 March 2007

Yours faithfully,

THE SWEDISH FINANCIAL ACCOUNTING STANDARDS COUNCIL

Dennis Svensson

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

Answers to the questions

Q1 In your view, would a single source of guidance for all fair value measurements in IFRSs both reduce complexity and improve consistency in measuring fair value? Why or why not?

Yes, We believe that a single source of guidance for all fair value measurements would be of value. In our opinion the guidance should be ´high level´ guidance rather than detailed guidance covering all sorts of applications. Furthermore, as pointed out in our cover letter, a number of issues related to measurement must be taken inot account in a debate of fair value measurement, which is an area that includes a number of complex issues. Conceptually having consistent guidance and one source of high level guidance would therefore generally make it easier for all parties involved to understand and apply fair value measurement.

Still we would not rule out the possibility that specific standards might include in depth fair value measurement guidance for specific areas, which of course should be in sync with the high level fair value measurement guidance.

Our positive answer to this question should not be understood, as giving a clear yes, to introducing something very close to SFAS 157, as a new IFRS. Before we will be able to give that kind of response, we need to know what changes, if any, the IASB will suggest in other standards as a consequence of introducing a new IFRS based on SFAS 157 (see our introductory comments).

A separate standard on fair value measurement could be seen as a new kind of standard, including something, that could just as well be guidance material rather than a standard or form a part of the Framework. Thus, we believe that it should be considered in the ongoing Conceptual Framework project whether guidance of the kind discussed here, perhaps should be included in IFRS in a different format than as a separate standard.

An additional consideration is that more and more of specific guidance is entering the IFRS. If such guidance, as in this case, takes the form of a proposed 90 pages document (SFAS 157, including Basis for Conclusions contains 96 pages), one must ask if the IASB is not moving away from a principles based system. If guidance of this size is deemed to be required for applying a measurement principle, it is legitimate to ask if something is wrong with the principle or with the way it is suggested that the principle should be applied.

Q2 Is there fair value measurement guidance in IFRSs that you believe is preferable to the provisions of SFAS 157? If so, please explain.

Generally we believe that SFAS 157 is preferable in terms of giving guidance on how to measure fair values, Still a broader debate may very well reach the conclusion that,] some existing fair value measurements in IFRSs might be at least as good as what is proposed. One example is the fair value measurement guidance provided in IAS 39.

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

Q3 Do you agree that fair value should be defined as an exit price from the perspective of a market participant that holds the asset or owes the liability? Why or why not?

We do not believe this question can be answered with a yes or a no, as the question includes a number of notions (e.g. exit price and market participants) , which makes it complex to respond to. For some assets exit prices are probably more relevant and for other entry prices are more relevant. This is a question where an answer needs to be based on the outcome of the broader issues discussed in our introductory comments above.

On the surface, the exit price notion appears to be consistent with the objective of IFRS financial statements to provide information about the cash-generating <u>ability</u> of an entity (F.15), and also consistent with the discussion paper Preliminary Views on an a improved Conceptual Framework for Financial Reporting, which states that information is essential in assessing an entity’s <u>ability</u> to generate net cash inflows and thus to provide returns to investors and creditors (S3). However, it does not necessarily follow from the fair value measurement objective that an exit price is generally a better expression of an entity´s cash –generating ability; an entry price may also be relevant and reflect market-based expectations of cash flows.

The question includes the notion ´from the perspective of a market participant´. This perspective is primarily applicable where an active market exists. For other situations this notion may not be relevant or very difficult to make operational.

There are situations where we doubt that an exit price in accordance with the proposed standard would be relevant;

- No active and liquid markets
- Business combinations where a control premium has been paid. - An exit price would ignore the premium paid.

Q4 Do you believe an entry price also reflects current market-based expectations of flows of economic benefit into or out of the entity? Why or why not?

As we have pointed out above, we believe that an entry price sometimes is a better alternative than an exit price, because in rather common situations exit prices do not provide meaningful information, see our comments to Q3.

Additionally, do you agree with the view that, excluding transaction costs, entry and exit prices will differ only when they occur in different markets? Please provide a basis for your views.

In theory and focusing on liquid markets, we agree that an entry and exit price will differ only by virtue of different markets. However, outside of liquid markets there will rarely be a single entry and exit price for a particular transaction.

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

In processes with few buyers and sellers involved entry and exit prices probably differ with amounts that are not equal to transaction costs. We do not think that there is a well based answer to the question how they differ and why. It probably varies to a large extent between different products and services.

Q5 Would it be advisable to eliminate the term 'fair value' and replace it with terms, such as 'current exit price' or 'current entry price', that more closely reflect the measurement objective for each situation? Please provide a basis for your views.

No, the term ´fair value´ has been used for a long time and is the bearer of a known concept. Replacing it with a different term or with different terms, could create confusion rather than providing assistance to clarify. We thus believe that the term ´fair value´ should be kept as the term for measuring assets and liabilities, reflecting market price information where available and deemed appropriate with reference to the high level guidance we have discussed in question 1 above.

Q6 Does the exit price measurement objective in SFAS 157 differ from fair value measurements in IFRSs as applied in practice?

Yes, we believe that there are differences in practice. One example is the application of fair values in measuring financial instruments in active markets, where IAS 39, AG72, conveys a slightly different message (the use of current bid price and asking price as well as mid-market prices) than SFAS 157.

If so, which fair value measurements in IFRSs differ from the measurement objective in SFAS 157? In those circumstances, is the measurement objective as applied in practice an entry price? If not, what is the measurement objective applied in practice? Please provide a basis for your views.

A comprehensive answer would require a detailed analysis of each standard including the label ´fair value ´and an evaluation of how this notion in existing standards is applied in practice. We do not think that this is what could be reasonably expected from respondents to this document.

However, we would like to make three comments. One comment is reflected in our response above, which indicates that IFRS guidance on fair value measurement generally is different from that of SFAS 157. As a consequence measurement in practice is different from what follows from SFAS 157. An additional comment is that in practice entity specific prices are applied when preparers conclude that there are no or only limited market inputs to use for measurement purposes. It should be noted, however, that some of the level 3 inputs in SFAS 157 may, in certain circumstances, use assumptions that are similar to the assumptions used in entity specific approaches under IFRSs. In these cases there are no significant differences between the fair value measurements referred to in the question.

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

Q7 Do you agree with how the market participant view is articulated in SFAS 157? Why or why not?

We do not disagree with how the market participant is described in SFAS 157. This view is rather clear and concisely expressed. The definition in SFAS 157 focuses on the key elements and is more detailed than IFRSs. It expands and clarifies the notion.

However, there is a main concern: in a great number of cases there is no market for the assets and the liabilities to be measured and therefore no market participants. As we have indicated above and will further explain below (see our response to Q 18), we do not see how the SFAS 157 approach could reliably be applied in a number of situations based on unobservable inputs. We do not share the view that a measurement approach, which is deemed to be relevant, should be based on conditions (a market with market participants), which are seldom there.

Q8 Do you agree that the market participant view in SFAS 157 is consistent with the concepts of 'knowledgeable, willing parties' and 'arm's length transaction' as defined in IFRSs? If not, how do you believe they differ?

The IFRS definition of fair value does not include the notion of ´market participants´. One of the IFRSs, IAS 40, articulates how *'knowledgeable, willing parties'* should be understood. This description is in all but one aspect, close to how the market participant view is articulated in SFAS 157. The main difference is in our view that the IFRS does not have the clear link to a ´market´ notion .

The IFRS *'arm's length transaction'* notion can be understood as pointing to market participants, but can also just be understood as referring to transactions between parties that are independent of each other, not being participants in a situation which would be viewed as a market. SFAS 157 defines market participants as buyers and sellers in the principal (or most advantageous) market for the asset or liability. The SFAS 157 market participants could be seen as leading to a more narrow definition of fair value, a definition where there has to be a market and not only willing parties. We do not believe that such a narrowing of the definition should take place, at least not without a broad discussion of measurement.

Q9 Do you agree that the fair value of a liability should be based on the price that would be paid to transfer the liability to a market participant? Why or why not?

The Fair Value Measurement discussion paper, para 24 (b) , refers to IAS 39 and its guidance material in AG71 and AG72. It goes on to say that the quoted prices ´generally represent a transfer price ´as opposed to an entity-specific settlement price. This may generally be true in an active market for financial instruments. However, the discussion paper deals generally with fair value measurement and in situations other than with liquid markets there are no transfer prices available and thus an entity-specific settlement price will probably have to be applied . There are a number of practical difficulties around a transfer price approach in the absence of a liquid market.

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

Q10 Does the transfer measurement objective for liabilities in SFAS 157 differ from fair value measurements required by IFRSs as applied in practice?

There are few cases in IFRSs where liabilities are measured at fair value beside liabilities held for trade and in situations where the fair value option is used. In practice entity specific settlement approaches are often applied..
If so, in practice which fair value measurements under IFRSs differ from the transfer measurement objective in SFAS 157 and how do they differ?

Q11 In your view is it appropriate to use a measurement that includes inputs that are not observable in a market as fair value at initial recognition, even if this measurement differs from the transaction price?

No.

Alternatively, in your view, in the absence of a fair value measurement based solely on observable market inputs, should the transaction price be presumed to be fair value at initial recognition, thereby potentially resulting in the deferral of day-one gains and losses? Please give reasons for your views.

Yes, because using fair value measurement including significant inputs that are not based on observable market information from active markets is in our opinion to move too far, trying to portray measurement based on various assumptions about how markets that do not exist may behave. We are of the opinion that such approaches may create measures that are not reliable, nor relevant and that such a step could discredit IFRSs.

Q12 Do you believe that the provisions of SFAS 157, considered in conjunction with the unit of account guidance in IAS 39, would result in a portfolio-based valuation of identifiable risks of instruments considered in aggregate, or an in-exchange exit price for the individual instruments? Please give reasons for your views.

We do not think that this question can be answered in a reasonable manner without a thorough discussion of the unit of account issue.

Q13 Do you agree that a fair value measurement should be based on the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability? Why or why not?

Yes, however, we believe that there is at least one more possibility to consider, the market where the transaction regarding the asset or the liability initially took place. This may or may not be the principal market, nor the most advantageous market.

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

Q14 Do you agree that a fair value measurement should consider attributes specific to the asset or liability that market participants would consider in pricing the asset or liability? If not, why?

Yes in principle. However, this principle may be difficult to make operational in practice, as there may be many ways how to assess attributes specific to the asset and the liability and it is not easy to estimate which of the attributes market participants would consider and how. Thus the principle lacks sufficient practicability and needs refinement.

Furthermore, we believe that most of the inputs to a company's operations are not homogenous. The inputs have several attributes that are not always easily identified. The processes for buying and selling these inputs are often very different compared to those for e.g. many financial instruments. If in a transaction to be accounted for, the asset lacks an attribute that is present in a transaction that is used as a point of reference, then it is reasonable that the value of that attribute is considered in the valuation of the asset. However, in line with our introductory remarks, our presumption would be that for willing, well-informed parties at arms-length distance, the price in the transaction to be accounted for would be the best measure, since that would include a measurement that takes into account existing attributes.

Q15 Do you agree that transaction costs that would be incurred in a transaction to sell an asset or transfer a liability are an attribute of the transaction and not of the asset or liability? If not, why?

Yes, transaction costs are an attribute of the transaction, and not of the asset or the liability. Thus they should be considered separately from fair value. This is in line with current IFRSs.
However, there is no bright line between transaction costs and other costs that are attributes of the asset or the liability, such as costs for repacking components of a financial instrument arrangement or to transfer an asset to the principal or most advantageous market. Such costs are generally taken into account in the pricing process and are attributes of the asset rather than anything else.

Q16 Do you agree that the risk of non-performance, including credit risk, should be considered in measuring the fair value of a liability? If not, why?

Yes we agree that the risk of non-performance, including credit risk, should be considered in measuring the fair value of a liability to the extent a transfer price fair value should be used.

Q17 Is it clear that the 'in-use valuation premise' used to measure the fair value of an asset in SFAS 157 is different from 'value in use' in IAS 36? Why or why not?

Yes it is clear.

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

Q18 Do you agree with the hierarchy in SFAS 157? If not, why?

We favour a single hierarachy such as the one in SFAS 157. We certainly agree with level 1 and level 1 inputs as they stand for quoted prices in active markets for identical assets and liabilities that the reporting entity could access. Level 2 inputs are based on what is observable, either directly or indirectly. It is not clear to us what is meant more precisely with ´observable ´. It is therefore necessary to clarify the meaning of this term, which is so important for the characteristics of level 2 and level 2 inputs.

We have strong doubts about level 3 and level 3 inputs. Level 3 is said to stand for unobservable inputs. As the fair value measurement objective nevertheless remains the same, level 3 inputs should reflect the reporting entity´s own assumptions about the assumptions that market participants would use in pricing the asset or liability (see SFAS 157, p. 30). We have noted that the application guidance of SFAS 157 relate only to financial instruments, where it might fit. Level 3 represents an approach that may not result in relevant, reliable and comparable information. We find it strange that such an approach would be labeled fair value and would be deemed good enough for providing financial reporting data for the world´s capital markets, where actors with different cultural background, as well as different practices and training hardly would make these assumptions in similar manner.

We agree with the hierarchy levels 1 and 2. In our view level 3 should not be defined as a fair value measurement, as it is not based on observable market information.

Giving IFRS one clear hierarachy will add clarity and consistence of application. We encourage the introduction of a single hierarchy such as the one in SFAS 157, but excluding level 3.

Q19 Are the differences between the levels of the hierarchy clear? If not, what additional information would be helpful in clarifying the differences between the levels?

Yes, but as noted above we are not sure about what is meant by ´observable ´. The distinction between ´observable ´and ´unobservable ´seems to be made on whether market participants´or the reporting entity´s own assumptions are reflected (see SFAS 157, para 21). However, this line between the two notions does not expand on what should be deemed to be possible or likely to be observed by market participants, which seems to be key to the discussion of the meaning of the notions.

Q20 Do you agree with the provision of SFAS 157 that a blockage adjustment should be prohibited for financial instruments when there is a price for the financial instrument in an active market (Level 1)? In addition, do you agree that this provision should apply as a principle to all levels of the hierarchy? Please provide a basis for your views.

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

We do not think that this question can be answered without a thorough discussion of the unit of account issue.

Q21 Do you agree that fair value measurements should be determined using the price within the bid-ask spread that is most representative of fair value in the circumstances, as prescribed by paragraph 31 of SFAS 157?

Yes we agree.

Alternatively, do you believe that the guidance contained in IFRSs, which generally requires assets to be valued at the bid price and liabilities at the ask price, is more appropriate? Please explain the basis for your view.

No, we do not believe that this guidance is more appropriate.

Q22 Should a pricing convention (such as mid-market pricing or bid price for assets and ask price for liabilities) be allowed even when another price within the bid-ask spread might be more representative of fair value? Why or why not?

This depends on what is meant by ´more representative ´. If we take it to stand for something that is deemed to be appropriate in the circumstances and the mid-market price or the ask price for liabilities are close to this price, the answer is yes, the mid market price and the ask price should then be allowed as practical expedients.

Q23 Should bid-ask pricing guidance apply to all levels of the hierarchy, including when the fair value measurement includes unobservable inputs? Why or why not?

No, the bid-ask price situation is not a realistic one when unobservable inputs are applied; a bid-ask price seems to require observable data to be able to be a meaningful notion.

When measurement includes unobservable inputs the uncertainty is so large that the distinction between bid and ask prices is not relevant.

Q24 Do the disclosure requirements of SFAS 157 provide sufficient information? If not, what additional disclosures do you believe would be helpful to users and why?

Yes, in our view the expanded disclosures about the use of fair value to measure assets and liabilities should provide users of financial statements with better information about the quality of measurement basis for fair value measurements, and the effect of certain of the fair value measurements on earnings (or changes in net assets) for the period.

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se

In the cases where we believe that fair values should not be used, we do not see as a viable solution to make a valuation anyway and then complement it by a disclosure of the uncertainty of the assumptions. In many cases this will require disclosures where the cost to the preparer exceeds the benefit to the users.

Alternatively, are there disclosures required by SFAS 157 that you believe are excessive or not beneficial when considered in conjunction with other disclosures required by IFRSs? Please provide a basis for your view.

No.

Q25 Does the guidance in Appendices A and B of SFAS 157 sufficiently illustrate the standard's principles and provisions as they would apply under IFRSs? If not, please specify what additional guidance you believe is needed and why.

Generally the guidance is sufficient. However, it would be useful to include guidance material showing the application of ´observable ´and ´unobservable´ input.

Q26 Does the guidance in Appendices A and B of SFAS 157 sufficiently illustrate the standard's principles and provisions as they would apply in emerging or developing markets? If not, please specify what additional guidance you believe is needed and the most effective way to provide this guidance (for example, through additional implementation guidance or through focused education efforts).

Generally the guidance is sufficient. However, we have noted that guidance to level 3 inputs only refer to financial instruments. Further, it would be useful to see how level 2 inputs would be applied in an illiquid market situation, ,thus illustrating the reporting entity´s own assumptions about the assumptions market participants would use in pricing the asset or the liability.

We believe that the concerns related to emerging markets are of a more general nature. The processes for buying and selling many of the inputs to a company's operations differ considerably across well-developed economies too. This is not a question of education.

Q27 Please provide comments on any other matters raised by the discussion paper.

In our opinion, it should be clear from the nature of some of the questions asked (Q20-Q23) that not even in financial markets there is an unambiguous market price. We think that this justifies the concerns we have and the points we make related to the reporting for many other assets at a market-based price, where the processes of buying and selling are such that they could be characterized as a "market" only in a very general sense of that word

Box 6417 ● S-113 82 STOCKHOLM ● SWEDEN ● TFN +46 (0)8-50 88 22 79 ● FAX +46 (0)8-32 12 50
E-POST mail@redovisningsradet.se ● www.redovisningsradet.se