



5 July 2010

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF
MEASUREMENT UNCERTAINTY ANALYSIS DISCLOSURE FOR FAIR VALUE
MEASUREMENTS**

Comments to be received by 20 August 2010

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>.

The proposal contains further enhancements to a disclosure proposal on Level 3 fair value measurements that formed part of the IASB's exposure draft *Fair Value Measurement* published in May 2009.

In that exposure draft, the IASB proposed a three-level fair value hierarchy that categorises observable and non-observable market data used as inputs for fair value measurements. According to that hierarchy, Level 3 inputs are 'unobservable inputs' used for the fair value measurement of assets or liabilities for which market data are not available.

In response to comments received, the IASB proposes to enhance its original proposal by requiring the measurement uncertainty analysis disclosure to reflect the interdependencies between unobservable inputs used to measure fair value in Level 3. Users of financial statements commented that this information would allow them to assess the effect that the use of different unobservable inputs would have had on the fair value measurement.

The FASB is publishing the proposals in the exposure draft *Amendments for Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. Both boards will consider the comments received on the exposure drafts jointly as they continue their discussions about fair value measurement.

In accordance with the Institute's Convergence Due Process, comments are invited from any interested party. The FRSC would like to hear from both those who do agree and those who do not agree with the proposals contained in the IASB Exposure Draft.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the IASB Exposure Draft to be considered, they are requested to be received by the Institute on or before **20 August 2010**.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.