



Australian Government
Australian Accounting
Standards Board

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Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

Dear David

The staff of the Australian Accounting Standards Board welcomes the opportunity to comment on the FASB guidance regarding fair value measurement and impairment of financial instruments. We encourage the IASB to continue its due process by providing constituents with the opportunity to respond to issues.

The amendments proposed by the FASB consider the need to use judgment to ascertain if a formerly active market has become inactive and in measuring the fair value of assets when markets have become inactive. The amendments are perceived, by some, to be substandard and lacking transparency in a time when transparency is critical to restoring the faith of investors in capital markets. The proposals require enhanced disclosures about determinations of fair value and estimated credit losses and credit exposures to cater for concerns regarding the need for greater transparency by banks. However, the independence and integrity of the FASB is coming under scrutiny for giving in to external pressures and progressing the proposals.

The IASB has already been criticised for issuing the reclassification amendments in October 2008. Whilst we believe it is important for the IASB to coordinate its efforts with the FASB in responding to issues that are highlighted by the global financial crisis, we prefer that the IASB does not get distracted by dealing with this matter at this time. We believe that the IASB should apply its resources to issue the Fair Value Measurements Exposure Draft, and to make appropriate improvements to IAS 39. We would encourage IASB to act expeditiously to decide one way or another about whether it deals with the matter.

If you have any queries regarding any matters in this submission, please contact me or Natalie Batsakis (nbatsakis@asb.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bruce Porter', written over a horizontal line.

Bruce Porter
Acting Chairman