

Project Manager  
*Improving Disclosures about Financial Instruments*  
International Accounting Standards Board  
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**Exposure Draft of Proposed Amendments to IFRS 7:  
Improving Disclosures about Financial Instruments**

Dear Sir / Madam

We very much welcome the opportunity to comment on the above-captioned exposure draft.

In general, we agree with the proposed amendments in respect of fair value measurement and liquidity risk disclosure.

**Responses to specific questions in the invitation to comment:**

**Fair value disclosures**

**Question 1**

*Do you agree with the proposal in paragraph 27A to require entities to disclose the fair value of financial instruments using a fair value hierarchy? If not, why?*

We agree with the proposal to introduce a fair value hierarchy for disclosure purpose for financial instruments to provide more information on the comfort of valuation techniques used for these diverse instruments.

**Question 2**

*Do you agree with the three-level fair value hierarchy as set out in paragraph 27A? If not, why? What would you propose instead, and why?*

We agree with the proposed three-level hierarchy. However, we would like to recommend that to some extent examples of the allocation to the hierarchies for financial instruments or indications for financial products whose hierarchy category would be expected should be provided. These information could be expanded in the guidance on implementing section.

### Question 3

*Do you agree with the proposals in:*

*(a) paragraph 27B to require expanded disclosures about the fair value measurements recognised in the statement of financial position? If not, why? What would you propose instead, and why?*

We endorse the proposed extension of disclosures on categorization and movements within the Level 3 category for financial instruments recognised in the statement of financial position.

*(b) paragraph 27C to require entities to classify, by level of the fair value hierarchy, the disclosures about the fair value of the financial instruments that are not measured at fair value? If not, why? What would you propose instead, and why?*

We agree with the amendment to disclose the fair value of financial instruments by level of the fair value hierarchy or by classes of financial instruments that are not measured at fair value in the financial statement position.

### **Liquidity risk disclosures**

#### Question 4

*Do you agree with the proposal in paragraph 39(a) to require entities to disclose a maturity analysis for derivative financial liabilities based on how the entity manages the liquidity risk associated with such instruments? If not, why? What would you propose instead, and why?*

We agree on the proposal to require entities to disclose the maturity analysis of derivative financial liabilities based on how the liquidity risk is managed.

#### Question 5

*Do you agree with the proposal in paragraph 39(b) to require entities to disclose a maturity analysis for non-derivative financial liabilities based on remaining expected maturities if the entity manages the liquidity risk associated with such instruments on the basis of expected maturities? If not, why? What would you propose instead, and why?*

We agree with the proposal to disclose the maturities for non-derivative financial liabilities based on remaining expected maturities, if the entity manages the liquidity risk associated with such instruments on that basis. However, one has to be conscious that contractual and remaining expected maturity might not differ.

## **Question 6**

*Do you agree with the amended definition of liquidity risk in Appendix A? If not, how would you define liquidity risk, and why?*

Yes, we agree with the definition of liquidity risk.

## **Effective date and transition**

### **Question 7**

*Do you agree with the proposed effective date? If not, why? What would you propose instead, and why?*

We agree with the proposed effective date.

### **Question 8**

*Are the transition requirements appropriate? If not, why? What would you propose instead, and why?*

Yes, the transitional provisions are appropriate.

We thank you for the opportunity to submit our contribution to your due process.

If you would like further clarification of the points raised in this letter, either of the undersigned would be happy to discuss these further with you.

**Keith Cameron**

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