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17th April 2009

File Reference: FSP FAS 157-4

Dear Mr. Richards and Mr. Venter,

The International Swaps and Derivatives Association (“ISDA”) is pleased to provide the following comments with respect to the above mentioned FSP issued by the Financial Accounting Standards Board (“FASB”).

ISDA has over 840 member institutions from 56 countries on six continents. These members include most of the world's major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities. As such, we believe that ISDA brings a unique and broad perspective to the work of the FASB and IASB.

ISDA provided comments to the FASB on the draft FSP FAS 157-e (proposed FSP). Following the FASB meeting on 2 April 2009 and subsequent issuance of FSP FAS 157-4 (final FSP) on 9 April 2009 we would like to express our views on the final FSP in response to the IASB's request for views on the FASB's amendment.

In summary, we are pleased that the FASB responded to comments from constituents and acknowledged that there were some unintended consequences of the drafting in the proposed FSP. We are also pleased that substantial changes were made to the proposed FSP which

addressed many of our concerns. We believe that since the final FSP is broadly consistent with the principles set in the IASB Expert Advisory Panel (EAP) report it will help to reaffirm the valuation practices in the USA and would not create any practical differences in fair value measurement between U.S. GAAP and IFRS for these institutions.

Our more detailed comments are as follows:

- The EAP consisted of valuation and accounting experts from a range of financial institutions many of which are also ISDA's members and which represented both US GAAP and IFRS reporters as well as members of the IASB and investor community. The EAP used extensive resources and issued a document that was concise and principle based and which had been subject to appropriate due process. We are supportive of the EAP's report.
- The FSP uses different wording to the EAP to express similar principles. Whilst we do not believe that this will result in practical differences in fair value measurements the different wording does not aid convergence and could create confusion.
- There are some differences in emphasis between the EAP's report and the final FSP. For example, the EAP's report assumes a transaction is orderly unless proven otherwise. The FSP is more neutral on this point indicating that if a transaction cannot be proven to be either orderly or distressed then less weighting should be given to the transaction than if it could be proven to be orderly. We do not believe this difference in emphasis will result in practical differences in fair value measurement. However, the change in emphasis is something the IASB should consider as it finalises the fair value measurement exposure draft.
- One difference that the final FSP creates is in relation to disclosure requirements. The final FSP prescribes the minimum granularity for classes of securities for which the fair value hierarchy level 3 roll forward and unrealised profit and loss disclosures must be presented. We note that there are no prescribed classes specified for derivatives or loans in the FSP. IFRS 7 does not prescribe the classes of financial instruments that must be used, and, in our view, should not be amended to incorporate such requirements. As previously stated in our comment letters¹, we are not supportive of ad hoc additions to disclosure requirements; rather, we support the establishment of a disclosure framework to establish principles to determine which disclosures are 'decision useful'. This

¹ See ISDA's response letter to Exposure Draft (ED) on "Investments in Debt Instruments" -- Proposed Amendments to IFRS 7, dated 15th January 2009.

disclosure framework would then be used to review existing and new disclosures.

- We do not believe the final FSP requires changes to be made to the EAP's report. We further suggest that the IASB should incorporate the guidance provided in the EAP's report on valuing financial instruments in inactive markets into the fair value measurement exposure draft as implementation guidance to give it formal standing within IFRS.

We hope you find ISDA's comments useful and informative. Should you have any questions or would like clarification on any of the matters raised in this letter please do not hesitate to contact the undersigned.

Yours sincerely,



Charlotte Jones
Deutsche Bank AG
Chair, European Accounting Policy Committee



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17th April 2009

File Reference: FSP FAS 115-2 and FAS 124-2

Dear Mr. Richards and Mr. Venter,

The International Swaps and Derivatives Association (“ISDA”) is pleased to provide the following comments with respect to the above mentioned FSP issued by the Financial Accounting Standards Board (“FASB”).

ISDA has over 840 member institutions from 56 countries on six continents. These members include most of the world's major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities. As such, we believe that ISDA brings a unique and broad perspective to the work of the IASB and FASB.

In summary, ISDA members are strongly supportive of the joint IASB and FASB project to develop a less complex classification and measurement model for financial instruments and of the accelerated timetable for this complicated project.

ISDA previously noted in our comment letter to the IASB on the ‘Reducing Complexity’ project that the current AFS impairment model is flawed. In addition, certain of our members expressed this view to the IASB and FASB as part of the Financial Crisis round tables held in November and December 2008.

We believe that the most appropriate way to resolve the issues raised is as part of the development of an improved classification and measurement model for financial instruments. However, given the complexity of this project, we believe that even under an accelerated timetable the long term solution

cannot possibly be in place by the end of 2009. Therefore, as noted in our comment letter to the FASB on this FSP, we support their short term action in this area and encourage the IASB to develop a similar short term solution for the AFS impairment model for IFRS reporters under an accelerated due process.

ISDA acknowledge that there are various differences between US GAAP and IFRS with respect to the definition of AFS instruments and the impairment rules for such instruments. We believe that full convergence in this area cannot be achieved until the broader classification and measurement project is completed. However, we also believe that the changes to the AFS impairment model proposed in the FSP, whereby credit losses are reflected in the profit and loss account whilst other declines in fair value are recognised through OCI, would improve the relevance of financial statements and so would accordingly represent a beneficial short term amendment to IAS 39. We do not believe that the full adoption of the US GAAP's 'other than temporary impairment' model would be required.

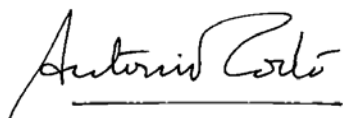
The change would help to resolve issues that have been identified in relation to the AFS impairment model in the short term and would aid convergence with US GAAP until the broader classification and measurement project is completed. We therefore support this short term solution with an accelerated due process in order to achieve mandatory adoption for Q3 reporting (for calendar year reporters) but with early adoption permitted.

We hope you find ISDA's comments useful and informative. Should you have any questions or would like clarification on any of the matters raised in this letter please do not hesitate to contact the undersigned.

Yours sincerely,



Charlotte Jones
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