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**International  
Accounting Standards  
Board**

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.  
These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

### **INFORMATION FOR OBSERVERS**

**Board Meeting:** 17 October 2007, London

**Project:** Fair Value Measurement

**Subject:** Preliminary Project Plan (Agenda Paper 2D)

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### **INTRODUCTION**

- 1 The purpose of this agenda paper is to present the preliminary plan for the deliberations of the fair value measurement project leading up to the publication of an exposure draft.

### **PRELIMINARY PROJECT PLAN**

- 2 The discussion paper indicates that the Board expects to publish an exposure draft in early 2008. Due to the extension of the comment letter deadline and the volume and nature of the comments received, the staff will need more time than originally anticipated. As such, an exposure draft most likely will be issued in the in the second half of 2009.
- 3 The preliminary project plan assumes that the staff will present one or more topics to the Board at each Board meeting. If additional time is needed (eg to redeliberate an issue or if more time is necessary to perform research and develop a view), the timeline might be affected.

- 4 **Please note**—the preliminary project plan does not explicitly consider the involvement of the Accounting Standards Board of Japan (ASBJ). However, throughout the course of the project, the staff will elicit feedback from the staff at the ASBJ regarding the issues being deliberated. Depending on the nature of their feedback, the timetable might be affected.

<b>IASB meeting</b>	<b>Topic</b>
October 2007	<p>Board meeting:</p> <ul style="list-style-type: none"> <li>• discuss comments received on the discussion paper,</li> <li>• affirm project objectives, and</li> <li>• preliminary planning</li> </ul> <p>Education session:</p> <ul style="list-style-type: none"> <li>• <i>Valuation Concepts and Issues</i> presentation by representatives from the valuation profession</li> </ul>
November 2007 – March/April 2008	<p>Deliberate the following issues in the discussion paper. These are many of the ‘conceptual issues’ that form the basis for the project.</p> <ul style="list-style-type: none"> <li>• Issue 2A (exit price measurement objective): <ul style="list-style-type: none"> <li>○ complete a standard-by-standard review of the measurement basis in each IFRS in which the term ‘fair value’ is used and analyse whether it is consistent with an exit price definition or whether another measurement basis was intended by the IASC or IASB (the staff will undertake a preliminary analysis internally and plans to get input from an external group of constituents as the deliberations progress)</li> <li>○ develop working definitions of exit price and any other measurement bases (eg entry price) identified in the standard-by-standard review</li> <li>○ analyse the differences between an exit price and the other identified measurement bases (eg entry price)</li> <li>○ explain the interaction between an exit price measurement basis and the in-use valuation premise</li> </ul> </li> <li>• Issue 2B (market participant view): <ul style="list-style-type: none"> <li>○ analyse the market participant view (including how to apply it in the absence of a market) and how it might be different from the concept of knowledgeable, willing parties in an arm’s length transaction</li> </ul> </li> <li>• Issue 2C and Issue 6 (settlement vs transfer of a liability and non-performance risk): <ul style="list-style-type: none"> <li>○ determine whether the fair value of a liability should be</li> </ul> </li> </ul>

IASB meeting	Topic
	<p>based on its transfer price or settlement amount</p> <ul style="list-style-type: none"> <li>○ explore applying the highest and best use concept to liabilities</li> <li>○ determine whether the fair value of a liability should reflect its non-performance risk</li> <li>● Issue 4 (principal vs most advantageous market): <ul style="list-style-type: none"> <li>○ determine whether 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</li> </ul> </li> </ul>
April 2008	<p>The staff does not plan to hold round-table meetings per se (that is, the staff does not think they are necessary to gain further insight into the comment letters received). Rather, we think it is more appropriate to hold discussion forums (similar in format to round-table meetings) to solicit input from constituents on the outcomes of the deliberations to-date (ie the ‘conceptual issues’).</p> <p>[Remainder of section removed from observer note.]</p>
May/June 2008	<p>Depending on the availability of Board members, the staff expects to hold the discussion forums before the end of 2Q 2008.</p> <p>[Remainder of section removed from observer note.]</p>
July 2008	<p>Communicate the results of the discussion forums to the Board. Based on the outcomes of the meetings, the staff might present a revised plan for the remainder of the deliberations, including whether any of the Issues deliberated to-date need to be discussed again.</p>
September 2008 – 2Q 2009	<p>Deliberate the remaining Issues:</p> <ul style="list-style-type: none"> <li>● Issue 3 (transaction price and fair value at initial recognition)</li> <li>● Issue 5 (attributes specific to the asset or liability)</li> <li>● Issue 7 (‘in-use’ valuation premise versus ‘value in use’)</li> <li>● Issue 8 (fair value hierarchy)</li> <li>● Issue 9 (large positions of a single financial instrument)</li> <li>● Issue 10 (measuring fair value within the bid-ask spread)</li> <li>● Issue 11 (disclosures)</li> <li>● Issue 12 (application guidance)</li> </ul> <p>The staff plans to address Issue 1 (SFAS 157 and fair value measurement guidance in current IFRSs) and Issue 13 (other matters) as applicable when the other Issues are discussed.</p>
3Q 2009	<p>The staff will prepare a cost-benefit analysis of the provisions that will be proposed in the exposure draft.</p>

<b>IASB meeting</b>	<b>Topic</b>
3Q 2009	Publish an exposure draft on fair value measurement with a comment period to be determined.

## **QUESTIONS FOR THE BOARD**

5      **Does the Board agree with the preliminary project plan?**