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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: 25 July 2008, London
Project: Fair value measurement
Subject: Cover note (Agenda Paper 11)

Agenda papers for this meeting

1 We have prepared the following agenda papers for this meeting:

Agenda Paper No.	Title	Objective
11	Cover note	Outlines the meeting objectives
11A	Standard-by-standard review	Summarises the outcome of the standard-by-standard review and asks the Board to make a decision about the definition of fair value
11B	Examples of standards-level descriptions	Provides examples of some IFRSs that use the term 'fair value' to illustrate the amendments to the standards based on the approaches in Agenda Paper 11A

[Agenda Paper 11B has been omitted from the observer notes.]

Meeting objectives

2 At this meeting, the staff will ask you to decide on a 'definition of fair value' (or, more precisely, a decision on the measurement objective for items with a measurement basis currently referred to as 'fair value').

- 3 The Board has not yet discussed some aspects of this project, including:
 - a highest and best use and the valuation premise;
 - b principal (or most advantageous) market; and
 - c day one gains or losses.

- 4 The staff thinks these topics are separate from a discussion about entry and exit prices, as outlined in Agenda Paper 11A. However, some Board members might want to discuss these topics before making a decision about entry and exit prices. **If so, please let the staff know at the beginning of this meeting so we can address those issues before deliberating this topic.** If there are any issues to be discussed before making a decision about entry and exit prices, the project timeline will be affected.

Next steps

- 5 As noted during the technical plan discussion and the fair value measurement sessions at the June IASB meeting, we plan to present the following topics over the next few months:
 - a highest and best use and the valuation premise (including defensive value);
 - b principal (or most advantageous) market;
 - c day one gains or losses;
 - d bid-ask spreads (whether mid-market pricing should be allowed as a practical expedient and whether the guidance should apply at all levels of the fair value hierarchy; this also will include a discussion about which transaction costs should be included in a fair value measurement); and
 - e valuation of liabilities (including non-performance risk and whether liabilities should be measured on a transfer basis or settlement basis).

- 6 This timing is consistent with the tech plan presented at the June IASB meeting.

- 7 As noted at the June IASB meeting, we tentatively plan to hold round-table meetings in December 2008.