

Ms Tricia O'Malley
IFRIC Co-ordinator
International Accounting Standards Board
30 Cannon Street London
EC4M 6XH

15 December 2008

Dear Ms O'Malley

**Tentative Agenda Decision: IAS 39 *Financial Instruments: Recognition and Measurement*—
Fair value measurements of financial instruments in inactive markets: determining the
discount rate**

We are responding to your invitation to comment on the above Tentative Agenda Decision, published in the November 2008 edition of IFRIC Update, on behalf of PricewaterhouseCoopers. Following consultation with members of the PricewaterhouseCoopers network of firms, this response summarises the views of member firms who commented on the Tentative Agenda Decision. 'PricewaterhouseCoopers' refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We agree that the IFRIC should not take this item on its agenda since the matters addressed in this submission are fully debated in the recently published report of the Expert Advisory Panel. In our view, certain statements in the submission appear to be inconsistent with both the objective of fair value measurement and the existing guidance in IAS 39 as identified in the tentative agenda decision. In particular we agree that it is not consistent with IAS 39 to use a valuation technique that considers factors differently from the way a market participant would be expected to consider them so as to arrive at a price that is different from the price a market participant would determine.

We recognise that this is a complex topic where practical guidance is needed. We would therefore encourage the IASB to endorse the Expert Advisory Panel report as implementation guidance to enhance its status in the accounting literature.

If you have any questions in relation to this letter please do not hesitate to contact Pauline Wallace (020 7804 1293).

Yours sincerely,



PricewaterhouseCoopers LLP