



**International  
Accounting Standards  
Board**

**30 Cannon Street, London EC4M 6XH, United Kingdom  
Tel: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411  
E-mail: [iasb@iasb.org](mailto:iasb@iasb.org) Website: [www.iasb.org](http://www.iasb.org)**

*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:**      **March 2009, London**

**Project:**            **Fair Value Measurement**

**Subject:**            **Determining whether a market is not active and a transaction is distressed (Agenda paper 16)**

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### **PURPOSE OF MEETING**

- 1      On Monday, 16 March 2009, the FASB discussed a proposal for providing additional guidance on whether:
  - a.    a market is not active
  - b.    a transaction is distressed.
  
- 2      The FASB have issued the proposal in the form of Proposed FSP FAS 157-e *Determining Whether a Market is Not Active and a Transaction is Not Distressed*.
  
- 3      The staff is currently preparing the second pre-ballot of an exposure draft (ED) on fair value measurement. The proposals in the ED differ from those in the proposed FSP.
  
- 4      The purpose of this paper is to obtain the Board's direction on how to proceed with the [draft] IFRS in view of the proposed FSP. The staff have listed some options for the Board to consider:

5       **Option 1:** Make no changes to the relevant sections of the ED and make no reference to the proposed FSP in the ED (or accompanying material, including basis for conclusions and invitation to comment). The staff believes this approach would confuse respondents, deprive respondents of some of the information they need to provide an informed response on this issue and increase the risk that we might have to re-expose the document if the Board subsequently decides to incorporate in the final IFRS some or all of the material from the FSP.

6       **Option 2:** Wait for the final FSP to be published at the beginning of April 2009 and then consider at the April 2009 IASB meeting whether to adopt some or all of the proposed FSP. This would cause a delay in publishing the [draft] IFRS.

7       **Option 3:** Discuss the merit of the FSP before the April 2009 IASB meeting and incorporate the conclusions in the ED. This discussion would be based on the proposed FSP, because the FASB intend to finalise the FSP at the beginning of April 2009. The staff believes it would be difficult to provide the Board with sufficient analysis at such short notice for the Board to reach an informed conclusion.

8       **Option 4:** Do not discuss the merits of the proposed FSP before publishing the ED. Provide sufficient material in the invitation to comment (and perhaps also the basis for conclusions) for respondents to understand that (1) the approach in the proposed FSP differs from the approach in the ED, (2) the Board has not discussed the proposed FSP and (3) the Board intends to consider after the comment period whether to adopt the FSP material. The invitation to comment would ask respondents to comment specifically on the advantages and disadvantages of both approaches. The staff recommend this approach.

9       **Question to the Board:**

**How does the Board want to proceed with the [draft] IFRS in view of the proposed FSP?**

10      As a final matter, the staff would like to update the Board on the proposed timing for possible roundtables.