



Project	Fair Value Measurement
Topic	Preliminary project plan

Purpose of this paper

1. This paper gives a preliminary plan for the redeliberations in the fair value measurement project.
2. The exposure draft contains all amendments to FASB Accounting Standards Codification Topic 820 (Fair Value Measurements and Disclosures) (Topic 820) (formerly FASB Statement of Financial Accounting Standards No. 157, or SFAS 157) through May 2009. However, the following documents have amended Topic 820 since May:
 - (a) Accounting Standards Update (ASU) No. 2009-5 *Measuring Liabilities at Fair Value*
 - (b) ASU No. 2009-12 *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*

In addition, the FASB plans to issue an ASU amending the disclosure requirements of Topic 820. That proposed ASU is open for comment until 12 October 2009.

3. During the deliberations, we will present the most recent amendments to Topic 820 on each issue. We will then ask the Board whether an IFRS on fair value measurement guidance should reflect the Topic 820 requirement or if it should require a different methodology, with the goal of arriving at the most appropriate solution for IFRSs.

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in IASB *Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

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Project background and objectives

4. The fair value measurement project was added to the Board's agenda in September 2005. The project was initiated to:
 - (a) clarify the fair value measurement objective;
 - (b) develop a single source of guidance for all fair value measurements currently required or permitted by IFRSs in order to simplify IFRSs and eliminate the dispersed and inconsistent fair value measurement guidance;
 - (c) improve and harmonise the disclosure requirements for items measured at fair value; and
 - (d) increase convergence with US GAAP.
5. Because the FASB had recently issued a fair value measurement standard, the Board used the FASB's standard as the starting point for its deliberations. As the first stage of the fair value measurement project, the Board published a discussion paper that contained its preliminary views on the principal issues contained in what was then called SFAS 157. The Board published the discussion paper in November 2006. The Board received 136 comment letters on the discussion paper.
6. The exposure draft was written using Topic 820, as amended, as a starting point. The Board changed the text of Topic 820 to reflect the following:
 - (a) decisions made by the IASB that were different from those made by the FASB in developing Topic 820 (these are listed in paragraph BC110 of the basis for conclusions accompanying the exposure draft);
 - (b) clarifications of the requirements in Topic 820 that the Board was aware could lead to inconsistency in practice or questions about the application of fair value in a particular circumstance; and
 - (c) differences between American and British spelling and grammar.

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7. In developing the exposure draft, the Board felt that (b) and (c) did not result in a difference between the exposure draft and Topic 820. These differences in wording and style can be found in the marked-up text available on the fair value measurement project page of the IASB website.
8. Agenda Paper 2A contains a summary of the comment letters received on the exposure draft. The Board received 113 comment letters as of the comment deadline on 28 September 2009. The preliminary project plan below takes into consideration the comments received by the comment deadline. However, as the staff continues to read the comment letters received after that date, we will update the project plan as necessary.

Preliminary project plan

9. In the redeliberations, the staff will ask the Board to focus first on particular topics identified by respondents and for which there is new information. We expect that process to start in January 2010, after analysing the feedback from the round-table discussions.
10. However, there are some open issues and topics that are controversial that need to be addressed before finalising an IFRS on fair value measurement guidance. The following table summarises the issues we plan to ask the Board to deliberate as a result of the comments received (please note that this list is subject to change pending the round-table discussions):

Topic for discussion
<p>Issue 1: Valuation of liabilities</p> <ul style="list-style-type: none"> • Analysis of the requirements in ASU No. 2009-5 • Articulation of the transfer notion
<p>Issue 2: Reference market</p> <ul style="list-style-type: none"> • Appropriateness of the most advantageous market • Relationship between the most advantageous market, the principal market and the market in which the entity normally transacts

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Topic for discussion
<p>Issue 3: Investment companies</p> <ul style="list-style-type: none"> • Analysis of the requirements in ASU No. 2009-12 • Valuation of unlisted equity instruments
<p>Issue 4: Unit of account and unit of valuation</p> <ul style="list-style-type: none"> • Application to financial assets within a portfolio
<p>Issue 5: Fair value in inactive markets</p> <ul style="list-style-type: none"> • Selection of valuation techniques and inputs • Including effect on emerging and transition economies
<p>Issue 6: Incremental value</p> <ul style="list-style-type: none"> • Fair value when highest and best use differs from current use
<p>Issue 7: Disclosures</p> <ul style="list-style-type: none"> • Analysis of any amendments to Topic 820 • Initial recognition • Interim financial reporting
<p>Issue 8: Scope</p> <ul style="list-style-type: none"> • IFRS 2 <i>Share-based Payments</i> • IAS 39 <i>Financial Instruments: Recognition and Measurement</i> paragraph 49 (financial liabilities with a demand feature) • Potential other IFRSs to be excluded from the scope
<p>Issue 9: Other</p> <ul style="list-style-type: none"> • Effective date and transition • Convergence • Sweep issues

11. After discussing these (and any other issues identified subsequently) we will ask the Board to decide whether it wishes to finalise its proposals in the exposure draft on other topics.
12. The project plan envisages completing deliberations and balloting by 30 June 2010, with the IFRS to be published shortly thereafter.
13. With this goal in mind, the preliminary project timeline is as follows:

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Item	Preliminary timing
Comment letter summary and project plan	October 2009
Round-table meetings: <ul style="list-style-type: none"> • North America (Norwalk) – 2 November • Asia (Tokyo) – 27 November • Europe (London) – 11 December 	November and December 2009
Summary of round-table discussions	December 2009
Deliberate Issues 1 – 9 and finalise proposals on other topics	January 2010 – May 2010
Drafting ¹ and balloting	June 2010
Publication of IFRS	Q3 2010

14. This timeline is consistent with that in the technical plan presented in July 2009.

Questions for the Board
<p>Do you agree with our approach for deliberation in the project plan?</p> <p>If not, what do you propose, and why?</p>

¹ We plan to draft the IFRS as decisions are reached in the project. This will minimise the time needed for finalising the IFRS after completing the deliberations.