

Dear Magnus,

I understand that you are the project manager for the exposure draft of proposed amendments to IAS32 &39 and I would like to share my comments on the issue of "determination of fair values".

Fact

I am involved in preparing mutual fund valuations based on the IAS and I have received a mixture of opinions from auditors in determining fair value of listed and actively traded equity investments. Some audit firms have adopted a strict interpretation of the IAS that the fair value of listed and actively traded equity investments **MUST** be valued at the last "bid price" as the valuation day. My own interpretation of the IAS is that using "bid price" is only a recommendation and it is not a MUST because IAS39 says "...usually the current bid price". My interpretation has been supported by various auditors and market practitioners. Confusion has been arisen as to whether the "closing price" or the "last traded price" is as equally acceptable to be used as the fair value of equity investments in accordance with the IAS. Please note that using the closing price or the last traded price as the fair value of investment is a common market practice in the fund accounting industry. I believe a clearer guideline would be useful for market practitioners.

Kindly let me know your comments to the above.

Best regards,

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