



ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS

CESR
Committee of European Securities Regulators
11-13 Avenue de Friedland
75008 Paris
France

Lisbon, 12th September 2008

Ref.: CESR/08-437

Subject: **Consultation paper - CESR statement on Fair value measurement and related disclosures of financial instruments in illiquid markets**

Dear Sirs,

The Portuguese Association of Investment Funds, Pension Funds and Asset Management (APFIPP) welcomes CESR's initiative of offering the opportunity to submit views on such an important issue, specially taking in consideration the recent financial turmoil and the liquidity conditions in several markets that made more complex to measure the fair value of financial instruments.

Regarding the importance of the appropriate measurement of financial instruments, APFIPP disclosed the draft statement of CESR to its Members for reflection, having received some general remarks that we submit as follows.

Question 1 - "Do you agree with CESR's views above regarding the distinction between active and non active markets for fair value measurement?"

Under CESR's scenario where the issuer's bear the responsibility to judge whether a market is active or not, we believe that for a clear and transparent classification of the financial instruments, in instruments traded in active or non active markets, it should be advisable to set more accurate rules or guidelines about the principles in which the decision should be based. We are also of the opinion that for the consistency and harmonization of the criteria, it could be created by the supervisors or by an independent entity an information database with the instruments and their qualifications.

It should also be mentioned, that the difficulty in determining whether a market is active or not may be far bigger in Corporate Debt instruments than in Public Debt or

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in Equities. Therefore, we believe that when setting rules and guidelines, it should be taken in consideration the specificity of the financial instruments, since an equal treatment may imply the application of valuation processes that may not fit to the reality.

Question 3 – “Do you agree with CESR’s views above regarding disclosures of financial instruments in illiquid markets?”

We would like to stress that the requirements stated will require to perform important and significant adjustments in the way that the information is disclosed to the market and investors.

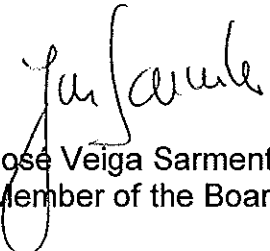
Question 4 – “Do you agree that the benefits of the presentation of disclosures regarding financial instruments in illiquid markets in the example in Box 2 outweigh the costs of preparing this information?”

It was not possible to estimate the cost benefit of the introduction of the disclosures mentioned in such a short period of time.

We appreciate that the current letter be treated as confidential, thereby not being made public on CESR website.

We thank you for all your attention to this issue and we remain entirely at your disposal for further information that you may consider necessary.

Yours sincerely,



José Veiga Sarmiento
Member of the Board



Fernando Coelho
Chairman