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**PRESS STATEMENT**

**CESR welcomes IASB's guidance on measuring and disclosing the fair value of financial instruments in non-active markets**

CESR is closely monitoring recent developments on fair value accounting of financial instruments and therefore as an organisation composed of EU securities regulators and enforcers, CESR welcomes the actions taken by the IASB to develop guidance on measuring and disclosing the fair value of financial instruments in non-active markets. CESR hopes that the additional educational guidance prepared by the IASB Expert Advisory Panel will contribute to ensure that confidence is restored and transparency is enhanced in financial markets. CESR is firmly of the view that comprehensive financial information is critical to strengthening market confidence in the current market crisis.

The IASB published on 31 October 2008 a report prepared by the Expert Advisory Panel on how to measure and disclose the fair value of financial instruments in markets that are no longer active. The report has taken into consideration the statements by the US Financial Accounting Standards Board (FASB), the US Securities and Exchange Commission (SEC), and the Office of the Chief Accountant and FASB Staff.

Fernando Restoy, Chair of CESR-Fin, CESR's working group on financial reporting standards, noted:

*“EU preparers, auditors and other stakeholders should consider the educational guidance published by the IASB when preparing, auditing, reviewing or enforcing financial statements. This will help to restore confidence and transparency enhanced in financial markets. Market participants should consider the IASB guidance in their preparation of financial statements for the third quarter of 2008 and onwards.”*

The report from the IASB Expert Advisory Panel covers similar issues as set out in CESR's statement on fair value measurement and related disclosures of financial instruments in illiquid markets (CESR ref. 08-713b) that was published on 3 October 2008. As stated in the CESR statement, one of the purposes of the statement was to provide the IASB with input into its work on fair value measurement and related disclosures of financial instruments in illiquid markets which it was undertaking in response to the request from the Financial Stability Forum. The standard setter has now provided issuers and auditors with additional guidance that was not available at the time the CESR statement on the similar issues was published. CESR therefore now directs the attention of preparers, auditors and enforcers, to the guidance provided by the standard setter on the issue of fair value measurement and related disclosures of financial instruments in illiquid markets.

In a joint statement with the other Level 3 Committees (CEBS and CEIOPS) published on 21 October 2008, CESR supported an earlier IASB statement (of 14 October 2008) regarding the SEC-FASB clarification on fair value accounting, which itself had been issued on 2 October 2008. In that statement, the IASB pointed out that it had reviewed the clarification made by the SEC-FASB on fair value accounting and considered it consistent with its accounting standard IAS 39.

CESR encourages the IASB to finalise the ongoing work on the outstanding issues regarding the IAS 39 and IFRS 7 amendments that are currently being discussed as soon as possible in order to help companies and auditors in the preparation of the next interim and the annual financial statements and will monitor all new developments in this regard.



**Notes for editors:**

CESR is an independent Committee of European Securities Regulators. The role of the Committee is to:

- Improve co-ordination among securities regulators;
- Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the field of securities;
- Work to ensure more consistent and timely day to day implementation of community legislation in the Member States.
- The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC). It is one of the two committees envisaged in the Final Report of the Group of Wise Men on the regulation of European securities markets. Baron Alexandre Lamfalussy chaired this group. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on the CESR website.

Each Member State of the European Union has one member in the Committee. The members are nominated by the Member States and are the heads of the national public authorities competent in the field of securities. The European Commission has nominated the Director General of the DG Market, as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level.

Within CESR, the operational group CESR-Fin chaired by Fernando Restoy, Vice Chair of the Spanish Comisión Nacional del Mercado de Valores (CNMV – the Spanish securities authority), is monitoring the developments in the area of accounting.

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