



## COMMITTEE OF EUROPEAN SECURITIES REGULATORS

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International Accounting  
Standards Board  
30 Cannon Street  
London EC4M 6XH

Submitted via [www.iasb.org](http://www.iasb.org)

Date: 22 April 2009  
Ref.: CESR/09-404

**RE: CESR's response to IASB's Request for Views on Proposed FASB amendments on Fair Value Measurement and Proposed FASB Amendments to Impairment Requirements for Certain Investments in Debt and Equity Securities**

The Committee of European Securities Regulators (CESR), through its standing committee on financial reporting (CESR-Fin), has considered IASB's Request for Views on the Proposed FASB amendments on Fair Value Measurement and Proposed FASB Amendments to Impairment Requirements for Certain Investments in Debt and Equity Securities.

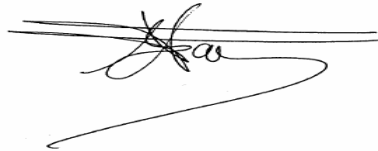
We thank you for this opportunity to comment on your draft letter and are pleased to provide you with the following comments:

- In general, CESR supports the efforts being made to converge IFRS and US GAAP and therefore welcomes these final documents from FASB which in comparison to the documents prepared for consultation result in less divergence between IFRS and US GAAP in the two areas concerned.
- CESR is of the view that these initiatives taken by the FASB do not appear to be consistent with previous joint announcements by IASB and FASB (Press release dated 24 March 2009) which have emphasised the importance of working cooperatively and in an internationally coordinated manner when considering accounting issues emerging from the financial crisis.
- CESR has stated on a number of occasions that it believes, and still does firmly believe, in arriving at solutions which aim at achieving global high quality accounting standards (developed after robust due process) that establish a good basis for consistent application and enforcement.
- CESR is therefore of the view that it would, in principle, be preferable for the IASB to wait for a comprehensive and joint solution on financial instruments as a whole rather than aiming to issue piecemeal guidance on various areas of fair value accounting for financial instruments. This revised standard on financial instruments needs to be issued as soon as possible, ideally in time to be applied in annual financial statements produced for 2009 year ends.
- Regarding the issue of the impairment of financial instruments, CESR would like to highlight the need for significant improvement in the impairment loss recognition requirements for financial instruments under IFRS. To this end, a comprehensive model of impairment loss recognition for all financial instruments is required as part of any new standard envisaged on financial instruments. -.

- CESR believes the recent changes in impairment rules approved by the FASB may generate relevant competitive distortions between issuers applying US GAAP and those applying IFRS. The FASB FSPs are effective for all interim and annual periods ending after 15 June 2009 with early adoption permitted for periods ending 15 March 2009. Consequently, if the IASB has any doubts that the new standard it envisages on financial instruments will be ready in time to be applied in the annual financial statements for 2009, it should consider a short-term solution for the recognition of impairment on available for sale instruments.
- With regards in particular to impairment of available for sale debt instruments, CESR is of the view that the thrust of the FSP approach to impairment of Available for Sale debt securities should be incorporated expeditiously into IAS 39, with appropriately robust disclosure requirements being included in IAS 1 and IFRS 7. Such disclosure requirements should include two specific aspects that are covered in the FSP, namely (1) there should be clear presentation of total impairment, including a split between “credit” and other impairments; and, (2) entities should be required to disclose the methodology and key inputs used to measure that portion of the total impairment which relates to credit losses. This proposed treatment for impairment of Available for Sale debt instruments should be made available for application in the 2009 year end financial statements;

I should be happy to discuss all or any of these issues further with you.

Yours sincerely,

A handwritten signature in black ink, appearing to read "F. Restoy", is written over a horizontal line. A long, sweeping underline extends from the signature towards the bottom right.

Fernando Restoy  
Chair of CESR-Fin