



# Measurement Uncertainty Analysis Disclosure for Fair Value Measurements (Limited re-exposure of proposed disclosure) July 2010

**COMMENTS TO THE IASB AND THE AcSB  
MUST BE RECEIVED BY  
SEPTEMBER 7, 2010**

This Exposure Draft of proposed International Financial Reporting Standards reflects proposals made by the IASB that the AcSB intends to adopt as Canadian generally accepted accounting principles.

Individuals and organizations are invited to send written comments on the Exposure Draft proposals. Comments are requested from those who agree with the Exposure Draft as well as from those who do not.

Comments are most helpful if they are related to a specific paragraph or group of paragraphs, and if they express disagreement with the Exposure Draft, they clearly explain the problem and include a suggested alternative supported by specific reasoning. All comments received by the AcSB will be available on its website at [www.acsbcanada.org](http://www.acsbcanada.org) 10 days after the comment deadline, unless confidentiality is requested. The request for confidentiality must be stated explicitly within the response.

**To be considered, comments to the AcSB must be received by September 7, 2010, addressed to:**

**Peter Martin, CA  
Director, Accounting Standards  
Accounting Standards Board  
277 Wellington Street West  
Toronto, Ontario M5V 3H2**

A PDF [response form](#) has been posted with this document to assist you in submitting your comments to the AcSB. Alternatively, you may send comments by e-mail (in Word format), to: [ed.accounting@cica.ca](mailto:ed.accounting@cica.ca)

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## Highlights

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to incorporate into Part I of the CICA Handbook –Accounting, the requirement proposed in the International Accounting Standards Board’s (IASB) Exposure Draft, “[Measurement Uncertainty Analysis Disclosure for Fair Value Measurements](#),” issued in June 2010.

### IASB Exposure Draft

The Introduction to the IASB’s Exposure Draft describes the IASB’s tentative decision to require entities to disclose a measurement uncertainty analysis for fair value measurements categorized within Level 3 of the fair value hierarchy unless another IFRS specifies that such a disclosure is not required for a particular asset or liability. When disclosing a measurement uncertainty analysis, an entity would be required to take into account the effect of correlation between unobservable inputs, when relevant. The IASB’s Exposure Draft includes an Illustrative Example and a Basis for Conclusions that are not part of this Exposure Draft but may provide useful information to stakeholders. The IASB’s Exposure Draft is available on the IASB website at [www.iasb.org](http://www.iasb.org).

The Exposure Draft proposal is identical to the proposed measurement uncertainty analysis disclosure in the US Financial Accounting Standard Board’s Exposure Draft of proposed amendments to Topic 820, *Fair Value Measurements and Disclosures*.

### Timing of adoption and transitional provisions

The IASB plans to issue the proposal in the Exposure Draft as part of the new standard on “Fair Value Measurement” in the first quarter of 2011. The effective date of the new standard has not yet been determined, but is expected to be no earlier than January 1, 2012.

The IASB plans on completing several projects in 2010 and 2011. To help entities that apply IFRSs undertake an orderly transition to any new requirements, the IASB plans to separately publish for comment in September 2010 a paper proposing staggering effective dates of the new standards.

The new standard, including the Exposure Draft proposal, would be applied prospectively as of the beginning of the annual period in which it is initially applied. The disclosure requirements need not be applied in comparative information provided for periods before initial application of the new standard.

The AcSB will incorporate the final new standard, including the proposal in the Exposure Draft, into Part I of the Handbook shortly after it is issued by the IASB.

### Comments requested

The AcSB encourages Canadian stakeholders to respond to the IASB on its Exposure Draft. Specific questions on which the IASB would like input are provided in the Invitation to Comment in its Exposure Draft. The AcSB requests that comment letters be sent directly to the IASB with a copy to the AcSB.

The AcSB would like input from Canadian respondents on the following additional question regarding the proposal in the Exposure Draft.

The proposal in the Exposure Draft has been developed by the IASB for application by entities around the world. Assuming the Exposure Draft proposal is approved by the IASB, do you believe that there are aspects of the proposal that make some or all of it inappropriate for Canadian entities, even though it is appropriate for entities in the rest of the world? If so, please specify which aspects and what circumstances make the proposal in the Exposure Draft inappropriate for Canadian entities.

Responses to this additional question should be sent directly to the AcSB.

For your convenience, a PDF response form has been posted with this document that can be downloaded [here](#). You can save the form both during and after its completion for future reference. Alternatively, written comments may be submitted by e-mail (Word format preferred) to: [ed.accounting@cica.ca](mailto:ed.accounting@cica.ca).

The deadline for responding to the IASB on its Exposure Draft is September 7, 2010. Responses to the AcSB on the additional question set out above are due on the same date.