

Rådet för finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2010:12

International Accounting Standards Board
30 Cannon Street
London EC4M 6 XH
United Kingdom

Dear Sirs,

Re: ED/2010/7 Uncertainty Analysis Disclosure for Fair Value Measurements

The Swedish Financial Reporting Board is responding to your invitation to comment on the International Accounting Standard Board's exposure draft on uncertainty analysis disclosures for fair value measurements.

We support the proposed changes to the measurement uncertainty analysis disclosure:

- We welcome the clarification that the analysis is focused on unobservable inputs and by implication provides information about measurement uncertainty as opposed to market risk;
- We agree that correlation is an important factor in providing a meaningful analysis of measurement uncertainty where that correlation is relevant and significant.

However, we want to highlight that the principles proposed would be improved in quality if the application guidance would be complemented with a discussion about at what confidence level the correlations should be estimated.

Making the proposal operational

Although we believe that the proposal is relevant, the proposal introduces another level of complexity. Level three inputs are in their self subjective. Implementing a requirement to estimate the correlations between unobservable inputs will add further complexity as described below.

That said we believe that a sensitivity analysis of unobservable inputs would gain from including the correlations or actually consider the lack of correlation between inputs. Not considering correlation increases the risk that user will just make a summary of the absolute values of different sensitivity numbers given without considering that some of the changes in parameters may be mutually exclusive.



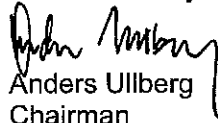
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Even though we are supportive of the proposed principle, we believe that some further guidance is needed. We are convinced that the correlation between different parameters differs depending on at what confidence interval the correlations are studied. Therefore it needs to be clarified if it is the "day-to-day" correlations that should be used (i.e. the correlations at the average expected value for each parameter) or if it is the correlations at some other part of the confidence interval that are intended to be used. Not clarifying this will lead to an unjustified difference in practice between entities.

If you have any questions concerning our comments please address our Executive member Carl-Eric Bohlin by e-mail to: carl-eric.bohlin@radetforfinansiellrapportering.se

Stockholm, 13 September 2010

Yours sincerely


Anders Ullberg
Chairman