



THE CHAIRMAN

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**CESR input to the IASB Expert Advisory Panel consultation paper regarding “Measuring and disclosing the fair value of financial instruments in markets that are no longer active”**

The Committee of European Securities Regulators (CESR) welcomes the opportunity to contribute to the work done by the Expert Advisory Panel established by the International Accounting Standards Board (IASB) regarding the consultation paper on “Measuring and disclosing the fair value of financial instruments in markets that are no longer active”.

CESR has today published its final CESR statement on “Fair value measurement and related disclosures of financial instruments in illiquid markets” after public consultation. This CESR statement has been prepared by CESR with the aim of among other objectives of providing input to IASB on fair value measurement and related disclosures of financial instruments in illiquid markets that in CESRs view might assist the IASB in its current work in response to the request from the Financial Stability Forum.

Recent market events imply that relevant and comprehensive financial information is needed to strengthen market confidence. Also, to ensure that investors can undertake comparisons between the financial statements of different issuers in order to evaluate their relative financial position, performance and changes in financial position, relevant disclosures about the valuation methods, assumptions used and related uncertainty as well as the judgments made by the management are highly important for investors and other users of financial statements. It is also very important for investors that the disclosed information is of a quality that enables users to understand the significance of the information disclosed in the financial statements.

The CESR statement discusses the following issues:

1. Measurement
  - a) Active and non active markets for fair value measurement
  - b) Selection of inputs to valuation techniques for fair value measurement
2. Leading disclosure practices

CESR hopes that its views discussed in the Statement are a valuable input for the work of the IASB Expert Advisory Panel and the subsequent IASB initiatives to address the issues analysed by the Panel.



CESR would be happy to discuss these issues with you in further detail and if you have any questions please do not hesitate to contact me.

Yours sincerely,

Fernando Restoy  
Chair of CESR-Fin