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International Accounting Standards Board  
30 Cannon Street  
London, EC4M 6XH  
United Kingdom  
commentletters@iasb.org

Rome, 6 August 2010

Re: *Exposure Draft Measurement Uncertainty Analysis Disclosure for fair value measurement*

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Dear Madam/Sir,

The ED *Fair value measurement* (May 2009) proposed a fair value hierarchy for the categorisation of fair value measurements of assets, liabilities and an entity's own equity instruments. The IASB have tentatively decided to require entities to disclose a measurement uncertainty analysis for fair value measurements categorised 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.

The ED *Measurement Uncertainty Analysis Disclosure for fair value measurement* (June 2010) proposes that an entity should take into account the effect of correlation between unobservable inputs if such correlation is relevant when estimating the effect on a fair value measurement of a change in more than one unobservable input.

The OIC supports this proposed change to the measurement uncertainty analysis disclosure for several reasons.

In particular, the OIC:

- a) agrees that the correlation between unobservable inputs is an important factor in providing a meaningful analysis of measurement uncertainty where that correlation is relevant and significant;
- b) welcomes the clarification that the analysis is focused on unobservable inputs;
- c) supports the rationale for changing the wording "*reasonably possible alternative assumptions*", because it had resulted in confusion in practice for entities applying IFRS 7 Financial Instruments: Disclosure. The IASB further decided to clarify that this extended only to unobservable inputs.

Here below are our comments.

**Question 1— Are there circumstances in which taking into account the effect of the correlation between unobservable inputs (a) would not be operational (eg for cost-benefit reasons) or (b) would not be appropriate? If so, please describe those circumstances.**

The OIC does not believe that disclosure requirements should be limited to accommodate instances indicated in letters (a) and (b). The OIC is not aware of any specific instances where (a) or (b) would apply, but we do not exclude that such instances may exist.

**Question 2— If the effect of correlation between unobservable inputs were not required, would the measurement uncertainty analysis provide meaningful information? Why or why not?**

We think that a sensitivity analysis that considers correlation between unobservable inputs provides more relevant information, because it provides a realistic economic alternative value to the amount presented in the financial statements. The OIC believes this is meaningful information. For these reasons, we think that the correlation between unobservable inputs should be taken into account to disclose a measurement uncertainty analysis for fair value measurements categorised within Level 3 of the fair value hierarchy.

**Question 3— Are there alternative disclosures that you believe might provide users of financial statements with information about the measurement uncertainty inherent in fair value measurements categorised within Level 3 of the fair value hierarchy that the Board should consider instead? If so, please provide a description of those disclosures and the reasons why you think that information would be more useful and more cost-beneficial.**

The OIC is not aware of any alternative disclosures that would achieve the objective of the ED.

Yours sincerely,  
Angelo Casò

(OIC Chairman)