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**Re: DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON IFRS 13  
FAIR VALUE MEASUREMENT**

Dear Françoise,

We are pleased to provide EFRAG with our comments in order to contribute to the finalization of the endorsement advice on the IFRS 13 *Fair value measurement*.

In relation to the technical assessment against the endorsement criteria and the costs and benefits analysis, we agree with the conclusions reached by EFRAG TEG.

However, we believe that this is an opportunity to reiterate some comments we have already made in the past, especially in relation to the fair value measurement liabilities: *we believe that, in general, the proper criterion for measuring liabilities (financial and non-financial) is the fulfilment value, that is, the sacrifice (cash outflow) that the entity will have to make in order to meet its obligations. Making reference to theoretical market prices does not represent, in most cases, what actually happens, that is the actual cash outflow incurred by the entity.*

The same conclusion was reached by EFRAG in its draft comment letter to ED "Fair value measurement": *we are not persuaded that it is necessarily useful to measure a non-financial liability at its transfer value as described in the ED. We think the most useful measure of a liability will usually be its fulfilment value, because that is the value that best reflects the future outflows likely to arise in respect of the liability.*

In relation to fair value measurement of non-financial liabilities the draft endorsement advice states that *if entity-specific inputs used for the valuation differed from market-based inputs, then some information, which could be relevant for the users' analysis, might be omitted but*

*this loss of relevance is attributable to IFRS 3 Business Combinations, not to IFRS 13.*  
*[emphasis added]*

Bearing in mind all these comments we believe that EFRAG TEG should suggest the IASB to re-consider the accounting for non-financial liabilities in a business combination, to better represent the way liabilities are negotiated in business combinations.

If you have any questions, please do not hesitate to contact us.

Yours sincerely,

Angelo Casò  
(Chairman)