

**Notice for Recipients of
This Proposed FASB Staff Position**

This proposed FASB Staff Position (FSP) would amend FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. This FSP also would amend APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in all interim financial statements.

The Board invites individuals and organizations to send written comments on all matters in this proposed FSP. Comments are requested from those who agree with the provisions of this proposed FSP as well as from those who do not. Comments are most helpful if they identify the issues to which they relate and clearly explain the issue or question. Those who disagree with the provisions of this proposed FSP are asked to describe their suggested alternatives, supported by specific reasoning.

The Board requests that constituents provide comments on the following:

1. Do you agree that the proposed disclosures should apply to all financial instruments currently included within the scope of Statement 107? If not, which financial instruments do you propose should be included within the scope of this proposed FSP?
2. Do you agree that the proposed disclosures should be applicable to all entities covered by Statement 107? If not, which entities do you propose should be exempt from the proposed additional interim reporting requirements?
3. Are the proposed requirements to disclose fair value information for all interim and annual reporting periods ending after March 15, 2009, operational? If not, what would be an appropriate effective date? Why?
4. Are the proposed requirements to disclose the method(s) and significant assumptions used to estimate the fair value for all financial instruments for all interim periods subsequent to initial adoption operational? Why or why not?

Responses must be received in writing by March 2, 2009. Interested parties should submit their comments by email to “director@fasb.org, File Reference: Proposed FSP FAS 107-b and APB 28-a.” Those without email may send their comments to “Technical

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Director, FASB, 401 Merritt 7, P.O. Box 5116, Norwalk, CT 06856-5116, File Reference: Proposed FSP FAS 107-b and APB 28-a.” Responses should not be sent by fax.

All comments received by the FASB are considered public information. Those comments will be posted to the FASB’s website and included as part of the public record with other project materials.

PROPOSED FASB STAFF POSITION

No. FAS 107-b and APB 28-a

Title: Interim Disclosures about Fair Value of Financial Instruments

Comment Deadline: March 2, 2009

Objective

1. This FASB Staff Position (FSP) amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. This FSP also amends APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in all interim financial statements.

Background

2. The Board received extensive input from constituents (such as financial statement users, preparers, auditors, and regulators) on financial reporting issues related to the measurement and impairment of financial instruments. Most users indicated that measuring financial instruments at fair value is more relevant than other measurements (such as amortized cost) in helping to assess the effect of current economic events on an entity. Other constituents asserted that fair value is not as relevant when financial markets are inactive or distressed. Generally, constituents agreed that additional disclosures would be helpful in understanding the different measurement attributes for financial instruments applied by an entity and would increase the usefulness of its financial statements.

3. The Board acknowledges that the number and variations of measurement attributes for financial instruments create complexity. The Board recently added to its agenda a comprehensive joint project with the International Accounting Standards Board (IASB) to address the complexity related to recognition and measurement of financial instruments.

4. However, to address on an interim basis the concerns raised about the lack of comparability resulting from the use of different measurement attributes for financial instruments, the Board decided that increasing the frequency of the disclosures about fair value would improve the transparency and quality of information provided to users of financial statements. In addition, the Board determined that the disclosures would allow for more robust discussions about financial instrument valuation between users and preparers.

<p>All paragraphs in this FSP have equal authority. Paragraphs in bold set out the main principles.</p>
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FASB Staff Position

Scope

5. **This FSP applies to all financial instruments and entities within the scope of Statement 107.**

Amendment to Disclosure Requirements of Statement 107

6. **An entity shall include disclosures about the fair value of its financial instruments whenever it issues interim financial statements during that fiscal year.**

7. An entity shall disclose in the body or in the accompanying notes of its interim financial statements and its annual financial statements the fair value of all financial instruments, whether recognized or not recognized in the statement of financial position, as required by Statement 107.

8. Fair value information disclosed in the notes shall be presented together with the related carrying amount in a form that makes it clear whether the fair value and carrying amount represent assets or liabilities and how the carrying amount relates to what is reported in the statement of financial position.

9. An entity also shall disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments.

Effective Date and Transition

10. This FSP shall be effective for interim and annual reporting periods ending after March 15, 2009. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending subsequent to initial adoption.

**The provisions of this Statement need
not be applied to immaterial items.**

Appendix

AMENDMENTS TO STATEMENT 107 AND OPINION 28

A1. Statement 107 is amended as follows: [Added text is underlined and deleted text is ~~struck out.~~]

a. Paragraph 10:

An entity shall disclose in interim and annual reporting periods, either in the body of the financial statements or in the accompanying notes, the fair value of financial instruments for which it is practicable to estimate that value. Fair value disclosed in the notes shall be presented together with the related carrying amount in a form that makes it clear whether the fair value and carrying amount represent assets or liabilities and how the carrying amounts relate to what is reported in the statement of financial position. An entity also shall disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments. [Footnote references omitted.]

A2. Opinion 28 is amended as follows:

a. Paragraph 30(n) is added as follows:

The information about fair value of financial instruments as required by FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*.