



February 29, 2016

Technical Director  
File Reference No. 2015-350  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

***Re: Proposed Accounting Standards Update: Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosures Requirements for Fair Value Measurement***

Dear Sir or Madam:

The World Bank appreciates the opportunity to comment on the FASB's *Proposed Accounting Standards Update, Fair Value Measurement (Topic 820) on Disclosure Framework – Changes to the Disclosures Requirements for Fair Value Measurement* (the "Proposed Update").

Overall, we support the FASB's disclosure framework objective to improve the effectiveness of disclosures in the notes to the financial statements. Generally, we agree that the amendments in the Proposed Update are consistent with the objective of providing more effective decision-useful information about fair value measurements.

We support the elimination of disclosures that are no longer deemed relevant for users of financial statements, such as the disclosures of the amounts and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy and the policy for timing of transfers between levels, as well as the disclosures of valuation policies and procedures for Level 3 fair value measurements. We also agree that providing additional clarity to the requirements to disclose measurement uncertainty will help to improve the effectiveness of disclosures about fair value measurements.

However, regarding Question 1, while in general we support the addition of disclosures that provide decision-useful information, we believe that requiring entities to provide information on changes in unrealized gains and losses included in other comprehensive

*Proposed Accounting Standards Update: Fair Value Measurement (Topic 820)* Comment Letter No. 17  
*Disclosure Framework – Changes to the Disclosures Requirements for Fair Value Measurement*

income and earnings for instruments Levels 1 and 2 would not meet the objective of improving the effectiveness of the disclosures.

Topic 820 currently requires disclosure of the change in unrealized gains and losses for the period, included in earnings, relating to assets and liabilities held at end of the reporting period for Level 3 fair value measurements. The Proposed Update extends that requirement for Level 1 and Level 2 fair value measurements and in addition requires a disclosure of the change in unrealized gains and losses for the period, included in other comprehensive income (OCI) for all three levels.

We believe that more granular disclosures about unrealized gains and losses for the period do provide useful information about the volatility of fair value measurements that are caused by significant judgments used in applying unobservable inputs. Consequently, we believe that it is indeed a relevant disclosure for Level 3 fair value measurements. However, Level 1 and 2 measurements are based on observable prices and, therefore, are reflective of market volatility. Consequently, we believe that additional disclosures about unrealized gains and losses for the Levels 1 and 2 provide limited additional information and the incremental costs of implementing this requirement may outweigh its benefit and, therefore, we would recommend this requirement be dropped.

In addition, while we support the proposal for disclosures on measurement uncertainty in the Level 3 fair value measurements, we would encourage FASB to consider how to incorporate a requirement to disclose a quantification of the sensitivity (measurement uncertainty) of fair value measurements to changes in significant inputs, consistent with the requirement in International Financial Reporting Standard (IFRS). Such a disclosure can be used to understand the subjectivity of the fair value measurements, adjust reported values, and compare ranges of measurements across similar entities in a sector.

We appreciate the opportunity to provide you with our views. Please do not hesitate to contact us if you have questions or require clarification.

Yours sincerely,



Pamela O'Connell  
Director and World Bank Group Chief Accountant