Proposed Accounting Standards Update, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement
Submitted 2/29/2016

Question Text	Response	Status
* Please select the type of entity or individual responding to this feedback form.	Preparer	Completed
Other, please specify (Specified)		
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)	Completed
Organization *	Hitachi, Ltd.	
First name *	Kumiko	
Middle initial		
Last name *	Shimizu	
Email address *	renketsukessan.hq.cz@hitachi.com	
Phone number		
Would the proposed amendments result in more effective, decision-useful information about fair value measurements? If not, please explain why. Would the proposed amendments result in the elimination of decision-useful information about fair value measurements? If yes, please explain why.	We agree that the clarification of the measurement uncertainty disclosure would reduce differences among entities and increase the comparability. On the other hand, it is not desirable to remove the disclosure requirements which defines the policy for timing of transfers between Levels (820-10-50-2 bb), the valuation policies and procedures for Level 3 fair value measurements (820-10-50-2f), because they provide useful information for users to facilitate their understanding of disclosures considering the possible difference in accounting policies among entities. And it is questionable whether additional disclosure requirements are useful, such as "the changes in unrealized gains and losses for financial instruments held at the end of the reporting period" and "the time period used to develop significant unobservable inputs". Certainly it is understandable that these disclosures are decision-useful as information about volatility of the fair value, but we believe that the current disclosures are enough to cover the required information. For example, the initial cost of derivatives is generally zero because the amount of initial net investment of derivatives is small or zero, therefore it may be considered that almost all changes in the fair value of derivatives are the volatility of the fair value. In other words, the current disclosure can be sufficient for	Completed

	this purpose because the amount of changes for the period can be calculated by deducting the beginning balance of unrealized gains and losses from the ending balance of it (and a few realized gains and losses during the period). And in the disclosures of derivatives, we believed that current disclosure provides sufficient information such as the changes of unrealized gains and losses and the total amount of realized gains and losses. Regarding debt and equity securities, it is also possible to estimate the changes of the fair value only with current disclosures such as unrealized gains and losses (and gains and losses from the sale), although they consist of acquisition cost and unrealized gains and losses. The disclosure of transfers between Level 1 and Level 2 of the fair value hierarchy is no longer considered to provide useful information because the fair value measurements for each level are based on observable market prices. Therefore the disclosure would be removed from Topic 820. We also do not believe that it is useful to categorize the changes in unrealized gains and losses for financial instruments categorized as Level 1 and Level 2 held at the end of the reporting period. Especially for Level 1, we believe that it would be meaningless to clarify the securities as held at the end of the period or sold, which are traded in an active market. In addition, from the perspective of a convergence of US GAAP with International Financial Reporting Standards (IFRS), it is desirable that FASB make careful consideration if they plan to add new US GAAP disclosure that IFRS does not currently require. In general, management may not think that the changes in unrealized gains and losses from financial instruments held at the end of the reporting period, are decision-useful.☐In an actual business practice, we manage the effect of changes at the whole portfolio level. We are concerned that new disclosure requirement proposed in this ED would burden certain entities holding mass data of financial instruments. Therefore we do not believe that the benefits from the additional disclosures outweigh the costs incurred by preparers of financial statements.	
Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues	Answer to this question is posted with Q1.	Completed

and why?		
Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.		Completed
The proposed amendments would apply to all entities, except for certain requirements in paragraph 820-10-50-2(bbb) through (d), for which private companies would be exempt. Do you agree with the exemption for private companies? If not, please describe why and which disclosures should be required for private companies.		Completed
Should entities other than public business entities (for example, employee benefit plans and not-for-profit organizations) also be exempt from the proposed amendments mentioned in Question 4A? If yes, please describe why and which disclosures they should be exempt from.		Completed
The proposed amendments to paragraph 820-10-50-2(bbb) require		Completed

that a reporting entity disclose the weighted average of significant unobservable inputs used in Level 3 fair value measurements. Are there classes of financial instruments for which this disclosure is inoperable or does not provide meaningful information? If yes, please describe those classes of financial instruments and explain why.		
The proposed amendments to paragraph 820-10-50-2(bbb) require that a reporting entity disclose the time period used to develop significant unobservable inputs. What would be the costs associated with including this disclosure? Would this disclosure provide more effective, decision-useful information?	The amendment requires an additional disclosure, "the weighted average reporting", taking the opinion from preparers of financial statements and auditors that the current disclosure, "input range (maximum and minimum value)", does not achieve decision-useful information but convey misleading information. The disclosure of time period used to develop significant unobservable inputs would results in significant diversification among entities because the disclosure depends on the input source of Level 3 fair value measurements. We believe that this supplemental disclosure would not achieve decision-useful information, but encompass misleading information. For example, it is possible to disclose the information of the beginning and the ending of the reporting period of financial instruments, of which fair value is measured by using their own original pricing model. However, it is not possible to identify the beginning of the reporting period of the financial instruments of which fair value is measured by using evaluation amount obtained from brokers or venders because it is difficult to collect the input information from them. It is concerned that the disclosure of inputs used for verification or pricing would lead to significant diversification among entities, of which is deviating from the reference inputs of the fair value. We are also concerned that the disclosure of time period used to develop significant unobservable inputs differs from the actual work process because the inputs should be summarized in some items as well as "input range	Completed

	(maximum and minimum value)". For users of financial statements such as investors, we believe that the disclosure is not decision-useful information because they could not confirm the validity of Level 3 Fair Value by this disclosure. In the case of using their own original inputs for verification or pricing, it would be required a confirmation of the time period used to develop unobservable input for each financial instrument from the point of internal control. Therefore we do not believe that the benefits from the additional disclosures outweigh the costs incurred by preparers of financial statements.	
Are there any other disclosures that should be required by Topic 820 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.		Completed
Are there any other disclosure requirements retained following the review of Topic 820 that should be removed on the basis of the proposed Concepts Statement or for other reasons? Please explain why.	The amendment requires public business entities to disclose Level 3 Rollforward continuously. But, we believe that public entities should be exempt from the requirement to disclose Level 3 Rollforward to reduce a burden imposed on preparers because the Rollforward is not required in the proposed Concepts Statement. From the point of providing decision-useful information, it would be sufficient that public business entities, as well as private entities, disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities.	Completed
How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by nonpublic business entities be different from the amount of time needed by public business entities? Should early adoption be permitted? If yes to	We do not expect that the amendment would reduce a burden imposed on preparers. On the contrary, the amendments would impose heavy burden on entities holding mass data of financial instruments because the amendments require the disclosures of unrealized gains and losses for Level 1 and Level 2 and the time period used to develop significant unobservable inputs. In order to avoid excessive burden for entities, it is desirable to set enough preparing period for developing new systems and establishing internal controls. In particular, we expect that public business entities need more than two years to establish internal controls in accordance with Sarbanes–Oxley Act Section 404 over financial reporting.	Completed

either question, please explain why.		
Please provide any additional comments on the proposed Update:	We are a group of Japanese companies that is mainly comprised of companies that prepare consolidated financial statements under the accounting principles generally accepted in the United States (US GAAP). We appreciate the opportunity to provide comments to Financial Accounting Standards Board (FASB) on this Exposure Draft, “Fair Value Measurement (Topic 820)” . We hope that our comments contribute to your forthcoming deliberations in this project. Sincerely yours, A Group of Japanese Companies: ORIX CORPORATION Kubota Corporation TDK CORPORATION Nomura Securities Co., Ltd. Panasonic Corporation Makita Corporation Mitsubishi Electric Corporation Mitsubishi UFJ Financial Group, Inc. Mizuho Financial Group, Inc. Murata Manufacturing Co., Ltd. ** Hitachi, Ltd. posted this comment on behalf of these japanese companies.	Completed
Please provide any comments on the electronic feedback process:		Completed
Below is a printable summary of your responses to the questions in this feedback form.	Not Answered	Not Answered

You can revise your responses by clicking the "Back" button. All comments received constitute part of the FASB's public file. The FASB will make all comments publicly available by posting them to the Online Comment Letters portion of its website. If you are finished providing comments, click the 'Submit' button at the bottom of this page.		