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Mr Steve Ong  
Director, Standard Setting  
Hong Kong Institute of Certified Public Accountants  
37<sup>th</sup> Floor, Wu Chung House  
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(Fax: 2865 6776)

Dear Mr Ong,

**INVITATION TO COMMENT ON IASB REQUEST FOR VIEWS ON:**

- (A) PROPOSED FASB AMENDMENTS ON FAIR VALUE MEASUREMENT**
- (B) PROPOSED FASB AMENDMENTS TO IMPAIRMENT REQUIREMENTS FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES**

Thank you for your letter of 27 March 2009 on the captioned subject.

The proposed Financial Accounting Standards Board (FASB) amendments on fair value measurement allow more flexibility in using mark-to-market accounting for financial instruments. These proposed amendments, if adopted, will result in inconsistency in the valuation of the same investments in financial instruments by different entities. The users may have difficulties when they compare the financial statements of such entities. The proposed relaxations of the impairment requirements allow the recognition of impairment losses smaller than the fair value declines in the profit or loss.

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In order to enhance investor confidence in financial reporting, the International Accounting Standards Board (IASB) should continue to work jointly with the FASB to improve the reporting standards for financial instruments. The IASB and the FASB should agree on a set of guidelines on determining whether a market is not active and a transaction is not distressed, and resolve the differences between International Financial Reporting Standards and the United States Generally Accepted Accounting Principles on impairment requirements.

Yours sincerely,



(John Chu)  
for Director of Audit