強制性公積金計劃管理局
MANDATORY PROVIDENT FUND
SCHEMES AUTHORITY

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本局檔號 Our Ref. : MPFA/PD/94/8
來函檔號 Your Ref.:

9 April 2009

Mr. Steve Ong, FCA, FCPA,
Director, Standard Setting,
Hong Kong Institute of Certified Public Accountants,
37/F Wu Chung House,
213 Queen's Road East,
Wanchai,
Hong Kong.

By Post

Dear Mr. Ong,

Invitation to Comment on IASB Request for Views on Proposed FASB Additional Guidance for Fair Value Measurement and Other-Than-Temporary Impairment

Thank you for your letter of 27 March 2009 to Mr. Darren McShane inviting the comment of the Mandatory Provident Fund Schemes Authority ("Authority") on IASB Request for Views on Proposed FASB Additional Guidance for Fair Value Measurement and Other-Than-Temporary Impairment. We are pleased to set out in the Appendix the comment of the Authority for your attention.

Yours sincerely,

(Gabriella YEE)
Chief Manager
(Policy Development & Research)

Encl.

Appendix

Comment on IASB Request for Views on Proposed FASB Additional Guidance for Fair Value Measurement and Other-Than-Temporary Impairment

FASB proposed FSP No. FAS 157-e Determining Whether a Market is Not Active and a Transaction is Not Distressed

- It is agreed that fair value should be used when the market is not active and transactions are distressed.
- No objection to the two-step process to determine whether a market is not active and a transaction is not distressed.
- Some proposed factors determining whether a market is active are too vague and subjective, e.g. factors (1), (2) & (7).
- We have concern that different accountants may apply the proposed factors inconsistently.
- It is suggested that the financial statements should disclose how much/ which/ how the financial assets are valued according to their fair value (rather than ordinary market value).

FASB proposed FSP No. FAS 115-a, FAS 124-a, and EITF 99-20-b Recognition and Presentation of Other-Than-Temporary Impairments

- Whether there is an "intention" to sell security is not too appropriate in the context of fund accounting because a fund manager has no full knowledge as to whether securities will need to be sold to meet fundholders' redemption requests. Even though the fund manager has no intention to sell any securities held by the fund, he needs to do so if there is a substantial amount of redemption requests.

Mandatory Provident Fund Schemes Authority
9 April 2009