

## Table of concordance

Indicating which paragraphs in SFAS 157 are the source for each paragraph in the IASB exposure draft *Fair Value Measurement*

| TOPIC  | FVM ED | FAS 157 | COMMENTS   |
|--|--------|---------|--|
| <b>Core Principle</b>                              |        |         |  |
| Definition of fair value                           | 1      | 5       |  |
| <b>Scope</b>                                       |        |         |  |
| Exclusions from this standard                      | 2-3    | 2-4     |  |
| <b>Fair value</b>                                  |        |         |  |
| Lead-in to paragraphs 5-33                         | 4      | -       |  |
| <b>The asset or liability</b>                      |        |         |  |
| Characteristics of assets and liabilities          | 5      | 6       |  |
| Unit of account                                    | 6      | 6       |  |
| <b>The Transaction</b>                             |        |         |  |
| Orderly transactions                               | 7      | 7       |  |
| Most advantageous market                           | 8-10   | 8       |  |
| Principal market                                   | 11     | 8       |  |
| Absence of actual transactions                     | 12     | A2      | The first part of paragraph A2 relates to paragraph 12 in the ED |
| <b>Market participants</b>                         |        |         |  |
| Market participant                                 | 13     | 10      |  |
| Market participant assumptions                     | 14     | 11      |  |
| <b>The price</b>                                   |        |         |  |
| Assumptions  | 15     | -       |  |
| Transaction and transport cost                     | 16     | 9       |  |
| <b>Application to assets: highest and best use</b> |        |         |  |
| Highest and best use                               | 17-18  | 12      |  |
| Highest and best use differs from intended use     | 19     | -       |  |

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| Highest and best use differs from current use               | 20-21  | -       |          |
| <b>Application to assets: valuation premise</b>             |        |         |          |
| In-use valuation premise                                    | 22(a)  | 13(a)   |          |
| In-exchange valuation premise                               | 22(b)  | 13(b)   |          |
| Valuation premise and the exchange notion                   | 23     | 14      |          |
| Valuation premise and financial assets                      | 24     | -       |          |
| <b>Application to liabilities</b>                           |        |         |          |
| Transfer notion   | 25     | 15      |          |
| Absence of observable market prices; corresponding asset    | 26-27  | -       |          |
| Absence of observable market; no corresponding asset        | 28     | -       |          |
| Non-performance risk  | 29-30  | 15      |          |
| Restrictions  | 31     | -       |          |
| <b>Application to equity instruments</b>                    | 32-33  | -       |          |
|   |        |         |          |
| <b>Fair value at initial recognition</b>                    |        |         |          |
| Fair value and entering into transactions                   | 34     | 16      |          |
| Indicators when fair value does not equal transaction price | 35-36  | 17      |          |
| Recognition of gains or losses from initial recognition     | 37     | -       |          |
| <b>Valuation techniques</b>                                 |        |         |          |

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| Techniques  | 38        | 18        |          |
| Selection of technique  | 39        | 19        |          |
| Change in technique   | 40        | 20        |          |
| <b>Inputs to valuation techniques</b>                           |           |           |          |
| Inputs  | 41        | 21        |          |
| Maximising observable inputs and minimising unobservable inputs | 42        | 21        |          |
| <b>Fair value hierarchy</b>                                     |           |           |          |
| Prioritise and categorise inputs and the fair value measurement | 43        | 22        |          |
| Prioritise the inputs not the valuation technique               | 44        | 23        |          |
| Level 1 inputs  | 45-50     | 24-27     |          |
| Level 2 inputs  | 51-52     | 28-29     |          |
| Level 3 inputs  | 53-54     | 30        |          |
| <b>Inputs based on bid and ask prices</b>                       |           |           |          |
| Bid ask spreads   | 55        | 31        |          |
| <b>Disclosures</b>  |           |           |          |
| Disclosure principle and disaggregating                         | 56        | 32        |          |
| Assets and liabilities measured at fair value                   | 57        | 32        |          |
| Movements between levels of the hierarchy                       | 57(a)-(c) | 32(a)-(b) |          |
| Valuation inputs and techniques                                 | 57(d)     | 32(e)     |          |
| Level 3 disclosures   | 57(e)     | 32(c)     |          |

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| Disclosures about changes in fair value affecting the statement of comprehensive income      | 57(f)      | 32(d)   |  |
| Sensitivity analysis   | 57(g)      | -       |  |
| Assets and liabilities not measured at fair value, but for which the fair value is disclosed | 58         | -       |  |
| Liability disclosures  | 59         | -       |  |
| Disclosures when the highest and best use differs from the current use                       | 60         | -       |  |
| Tabular format   | 61         | 34      |  |
| Assets and liabilities that are measured on a non-recurring basis                            | -          | 33      | The ED does not make a distinction between recurring and non-recurring fair value measurements for disclosure purposes |
| <b>Effective date and transition</b>   | 62-64      | 36-39   |  |
| <b>Appendix A – Defined Terms</b>  | Appendix A |         |  |
| <b>Appendix B – Application Guidance</b>   |            |         |  |
| The Fair Value Measurement Approach  | B1         | A2-A3   | Part of A2 is covered in paragraph 12 in the ED  |
| In-use valuation premise   | B2         | A4-A5   | The first part of paragraph A4 is covered in paragraphs 22-24 in the ED  |
| Inputs to valuation techniques   | -          | A20     | Paragraphs 41-42 in the ED provide enough guidance   |
| Level 1  | -          | A22     | Paragraph A22 is covered in paragraphs 45-48 in the ED   |
| Level 2  | B3         | A24     | The first part of paragraph A24 is covered in paragraphs 51-52 in the ED   |
| Level 3  | B4         | A25     | The first part of paragraph A25 is covered in paragraphs 53-54 in the ED   |
| Inactive markets   | B5-B15     | 29A-29G |  |
| Quoted prices provided by third parties  | B16-B18    | 29H     |  |

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| <b>Appendix C – Present value techniques</b>                |           |         |  |
| Present value techniques                                    | C1-C19    | B1-B19  |  |
| <b>Illustrative examples</b>                                |           |         |  |
| Highest and best use  | IE1       | A6      | The first part of paragraph A6 is covered in paragraphs 17-18 in the ED  |
| Example 1 – Asset group                                     | IE2-IE4   | A7-A9   |  |
| Example 2 – Land  | IE5-IE8   | A10-A11 |  |
| Example 3 – Research and development project                | IE9       | A12     |  |
| Valuation techniques  | IE10      | A13     | The first part of paragraph A13 is covered in paragraphs 38-40 in the ED |
| Example 4 – Machine held and used                           | IE11-IE14 | A14-A16 |  |
| Example 5 – Software asset                                  | IE15-IE17 | A17-A19 |  |
| Fair value hierarchy  | IE18      | A21     | Paragraph A21 is covered in paragraphs 43-44 in the ED                   |
| Level 1   | -         | A22     | The first part of paragraph A22 is covered in paragraphs 45-48 in the ED |
| Example 6 – Level 1 most advantageous market                | IE19-IE21 | A23     |  |
| Transaction prices and fair value at initial recognition    | IE22      | A26     | The first part of paragraph A26 is covered in paragraphs 34-37 in the ED |
| Example 7 – Interest rate swap initial recognition          | IE23      | A27     |  |
| Restricted assets   | IE24      | A28     | The first part of paragraph A28 is covered in paragraph 5 in the ED      |
| Example 8 – Restriction on the sale of an equity instrument | IE25      | A29     |  |

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| Example 9 – Restrictions on the use of an asset                             | IE26      | A30       |  |
| Liabilities and credit risk   | IE27      | A31       |  |
| Example 10 – Structured note  | IE28      | A32       |  |
| Fair value measurement in markets that are not active                       | IE29      | -         |  |
| Example 11 – Inactive market  | IE30-IE38 | A32A-A32G |  |
| Fair value disclosures  | IE39      | A33       | The first part of paragraph A33 is covered in paragraphs 56-61 of the ED   |
| Example 12 – Assets measured at fair value                                  | IE40      | A34       |  |
| Example 13 – Fair value measurements in Level 3 of the fair value hierarchy | IE41      | A35       |  |
| Assets measured at fair value on a non-recurring basis                      | -         | A36       | ED does not make a distinction between recurring and non-recurring fair value measurements for disclosure purposes |