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財団法人 財務会計基準機構

企業会計基準委員会　御中

社団法人 生命保険協会

経理部会

部会長　梅原　真

「公正価値測定及びその開示に関する論点の整理」に対する意見について

謹啓　時下ますますご清祥のこととお慶び申し上げます。

平素は格別のご高配を賜り、厚く御礼申し上げます。

さて、平成21年8月7日に公表されました、標記論点整理に関しまして、別紙のとおり、当会としての意見を申し上げます。今後の検討におかれまして、ご配慮を賜りますようお願い申し上げます。

敬白

「公正価値測定及びその開示に関する論点の整理」に対する意見について

【論点2】公正価値の測定方法

・SFAS 第 157 号及び IASB の ED に示されている基準では、レベル３に分類される金融商品などの公正価値について、実務的観点や恣意性の排除といった点について不明確な点があり、財務諸表利用者にとっても有用な情報とはならない可能性がある。

・公正価値のヒエラルキーを導入するにあたっては、特にレベル２とレベル３の分類に関し、その判断基準についてより詳細なガイダンスが必要と考える。

【論点3】公正価値測定に関する開示

・SFAS 第 157 号では、貸借対照表において公正価値で測定が行われるものについてヒエラルキー別の金額の開示を求めているが、IASB の ED では、公正価値が注記されているものも含めて同様の開示を求めることが提案されている。この開示対象の範囲については、作成者における実務負担に十分ご配慮いただきたい。

・仮に、公正価値が注記されているものが対象に含められる場合には、今年度末から適用となる金融商品及び賃貸等不動産の時価の開示等の既存の開示事項との整理をお願いしたい。
（論点整理第 96 項（1）関係）

・ヒエラルキーのレベル分けやレベル３の調整表については、実務負担が非常に大きいものと考えられる。より詳細なガイダンスの提示や利用者のニーズを踏まえた開示項目の選定等、コストベネフィットの観点から慎重に検討願いたい。
（論点整理第 96 項（2）関係）

・レベル 3 の資産及び負債の購入、売却、発行及び決済額について、IASB の ED では総額での開示が求められているが、SFAS 第 157 号では純額での開示とされている。総額での開示は実務負担が大きいため、慎重に検討していただきたい。
（論点整理第 96 項（4）関係）

【IASB の公開草案「公正価値測定」への意見について】

・なお、IASB の ED「公正価値測定」に対しては、生命保険協会より 9 月 28 日付けで IASB あて意見提出を行っていることから、当該内容を添付いたします。

以 上

The LIAJ's Comments on the Exposure Draft: *Fair Value Measurement*

We, The Life Insurance Association of Japan (LIAJ) thank the International Accounting Standards Board (IASB) for providing us with an opportunity to submit our comments on the Exposure Draft, *Fair Value Measurement*.

The LIAJ is a trade association comprised of all 46 life insurance companies currently operating in Japan. Its aim is to promote the sound development of the life insurance industry and maintain its reliability.

We are aware that this exposure draft is not intended to extend the scope of fair value measurement, and that the issues on the measurement of insurance contracts are currently discussed in the insurance contract project. Below are our comments on the specific questions provided in the exposure draft.

Question 1: Definition of fair value and related guidance

> The exposure draft proposes defining fair value as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date' (an exit price) (see paragraph 1 of the draft IFRS and paragraphs BC15–BC18 of the Basis for Conclusions). This definition is relevant only when fair value is used in IFRSs.
> Is this definition appropriate? Why or why not? If not, what would be a better definition and why?

(Comments)

1. Although paragraph 15 of the exposure draft states that "Fair value is the price that would be received to sell an asset or paid to transfer a liability in the most advantageous market at the measurement date (an exit price), whether that price is directly observable or estimated using a valuation technique", it is not appropriate to define fair value as an exit price in all circumstances; for instance, in the absence of an active secondary market to sell an asset or transfer a liability.

2. In the insurance contract project, a current exit value, (i.e. "the price that would be paid to transfer the liability to the third party") was used as a starting point for the discussion. However, it should be noted that a current fulfillment value, which is the expected present value of the cost of fulfilling the obligations to the policyholder, is now considered as a prominent candidate for measurement attributes.

Question 2: Scope

> In three contexts, IFRSs use the term 'fair value' in a way that does not reflect the Board's intended measurement objective in those contexts:
> (a) In two of those contexts, the exposure draft proposes to replace the term 'fair value' (the measurement of share-based payment transactions in IFRS 2 Share-based Payment and reacquired rights in IFRS 3 Business Combinations) (see paragraph BC29 of the Basis for Conclusions).
> (b) The third context is the requirement in paragraph 49 of IAS 39 Financial Instruments: Recognition and Measurement that the fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be

required to be paid (see paragraph 2 of the draft IFRS and paragraph BC29 of the Basis for Conclusions). The exposure draft proposes not to replace that use of the term ‘fair value’, but instead proposes to exclude that requirement from the scope of the IFRS.
Is the proposed approach to these three issues appropriate? Why or why not? Should the Board consider similar approaches in any other contexts? If so, in which context and why?

(Comments)

3. Although we don’t comment on individual contexts to be replaced, we believe consistency between the definition of fair value and the scope of its application needs to be properly established. We recommend the Board carefully consider this matter of consistency especially when requiring additional fair value measurements.

Question 7: Application to liabilities: general principles

The exposure draft proposes that:
(a) a fair value measurement assumes that the liability is transferred to a market participant at the measurement date (see paragraph 25 of the draft IFRS and paragraphs BC67 and BC68 of the Basis for Conclusions).
(b) if there is an active market for transactions between parties who hold a financial instrument as an asset, the observed price in that market represents the fair value of the issuer’s liability. An entity adjusts the observed price for the asset for features that are present in the asset but not present in the liability or vice versa (see paragraph 27 of the draft IFRS and paragraph BC72 of the Basis for Conclusions).
(c) if there is no corresponding asset for a liability (eg for a decommissioning liability assumed in a business combination), an entity estimates the price that market participants would demand to assume the liability using present value techniques or other valuation techniques. One of the main inputs to those techniques is an estimate of the cash flows that the entity would incur in fulfilling the obligation, adjusted for any differences between those cash flows and the cash flows that other market participants would incur (see paragraph 28 of the draft IFRS).
Are these proposals appropriate? Why or why not? Are you aware of any circumstances in which the fair value of a liability held by one party is not represented by the fair value of the financial instrument held as an asset by another party?

(Comments)

4. In many cases, there will not be an observable market price for the transfer of a liability. We agree that if there is a corresponding asset for a liability, an entity shall measure the fair value of a liability using the same methodology that the counterparty would use to measure the fair value of the corresponding asset. However, we believe that a fair value measurement of a liability must not incorporate non-performance risk unless the price of the liability in an active market is available for the entity itself. Although the exposure draft states that if there is no corresponding asset for a liability, an entity shall estimate the price that market participants would demand to assume the liability using present value techniques or other valuation techniques, it is not necessarily appropriate to use the assumptions that market participants would use for a liability measurement where no estimate of assumptions by ordinary market participants, such as operating costs in insurance business, has been made. In those cases, using the estimates made by the entity’s management, (which reflect its management strategy and business approach for fulfillment of the obligation,) could provide more decision-useful

information.

Question 8: Application to liabilities: non-performance risk and restrictions

The exposure draft proposes that: (a) the fair value of a liability reflects non-performance risk, i.e. the risk that an entity will not fulfill the obligation (see paragraphs 29 and 30 of the draft IFRS and paragraphs BC73 and BC74 of the Basis for Conclusions). (b) the fair value of a liability is not affected by a restriction on an entity's ability to transfer the liability (see paragraph 31 of the draft IFRS and paragraph BC75 of the Basis for Conclusions). Are these proposals appropriate? Why or why not?

(Comments)

5. A reporting entity must disclose its profitability and financial soundness to investors through financial statements in order to provide decision-useful information. To this end, we believe liability measurements should not incorporate credit risk except in certain limited situations. These situations, we feel, should only include: at the initial measurement of a liability incurred in exchange for cash, and at the subsequent measurement where the price of the liability in an active market is available for measurement, or in other words, when the changes in the liability value affected by changes in credit risk inherent in the liability are realisable. (Please refer to the LIAJ's comments on the Discussion Paper, *Credit risk in liability measuremen*t.)

Question 10: Valuation techniques

The exposure draft proposes guidance on valuation techniques, including specific guidance on markets that are no longer active. Is this proposed guidance appropriate and sufficient? Why or why not?

(Comments)

6. Fair value of financial instruments categorised in Level 3 measurement might not be sufficiently reliable because of the selection of valuation techniques and the use of unobservable inputs.

7. Applying the fair value hierarchy into the measurement might possibly result in an increase in reliability, in addition to improving transparency and comparability by disclosing the level of the fair value hierarchy and other relevant information. However, since distinguishing Level 2 from Level 3 might impose an undue practical burden on preparers and the basis for categorisation might vary depending on an entity, further illustrative examples should be added to the guidance.

8. As proposed in the exposure draft *"Financial instruments: Classification and Measurement"*, if all unlisted stocks are to be measured at fair value, those measurements will be categorised in Level 3. Although the measurement of unlisted stocks might not be within the scope of this exposure draft, but within IAS 39, we urge the Board to continue permitting the measurement at initial cost as an exemption, instead of requiring fair value measurement, when there is considerable concern for reliability of measurement itself like in fair value measurement of unlisted stocks.

Question 11: Disclosures

The exposure draft proposes disclosure requirements to enable users of financial statements to assess the methods and inputs used to develop fair value measurements and, for fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period (see paragraphs 56–61 of the draft IFRS and paragraphs BC98–BC106 of the Basis for Conclusions). Are these proposals appropriate? Why or why not?

(Comments)

9. We feel that disclosure requirements of valuation techniques and inputs used in fair value measurements could improve transparency and comparability. However, we are concerned that disclosing effects on the fair value measurement brought by changes in the valuation techniques and unobservable inputs (as stated in paragraph 57 (d), (g)) and a reconciliation for fair value measurements categorised within Level 3 of the fair value hierarchy (in paragraph 57 (e)) might impose an undue practical burden on preparers. We question whether such disclosures would really provide users with decision-useful information. Therefore, the proposed disclosure requirements should be carefully considered from the aspect of costs and benefits.

10. Since this exposure draft proposes disclosures of valuation techniques and inputs used in fair value measurements, (which are not required by the U.S. Financial Accounting Standards, i.e. FAS 157), even for the financial instruments which are not measured at fair value on the face of statement of financial position, but whose fair values are disclosed in the notes, we are concerned that such disclosures would impose an additional burden on preparers.