

Recent Developments Relating to SFAS 157

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This memorandum discusses recent developments relating to Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS 157"), including:

- The issuance of FASB Staff Position FAS 157-3 ("FSP FAS 157-3") on October 10, 2008, clarifying the application of SFAS 157 to assets in inactive markets and providing an illustrative example setting forth key considerations in determining fair value when the market for a given asset is not active.
- A press release issued by the International Accounting Standards Board ("IASB") in October 2008 in which the IASB in part reacted to the September 30, 2008 joint statement by the SEC and Financial Accounting Standards Board ("FASB") providing guidance on how to apply SFAS 157 fair value accounting principles to assets in inactive markets.
- A letter sent in September 2008 by the Securities and Exchange Commission ("SEC") to about 30 CFOs suggesting additional information that such companies "may wish to consider" with regard to assets and liabilities that are not valued using observable market data when preparing Management's Discussion and Analysis ("MD&A") sections in their forthcoming quarterly reports.
- The recently commenced SEC study on "mark-to-market" accounting, authorized by Section 133 of the Emergency Economic Stabilization Act.