January 14, 2015

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

RE: Exposure Draft ED/2014/4 Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value – Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36 and Illustrative Examples for IFRS 13.

Dear Board Members:

The "Group of Latin American Accounting Standard Setters" – GLASS[1] welcomes the opportunity to comment on the Exposure Draft ED/2014/4 on Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value (**the "ED"**).

This response summarizes the views of our country-members, in accordance with the following due process.

Due process

The discussions in regard to the ED were held within a specified Technical Working Group (TWG) created in September 2014. All country-members had the opportunity to designate at least one member to participate in this TWG. Individually, all TWG members organized and decided the most effective way to get the answers and comments to the document under consideration, and subsequently, all TWG members summarized the answers from their respective countries which were presented and compared with the views of other members of the TWG. The answers were discussed and when some of the opinions and/or findings presented answers with comments or objection to the proposed improvement in the document under consideration, explanatory or alternative arguments were requested for the purpose of including it as part of our findings, in order to prepare a consensus response.

Overall comments

The countries participating in the TWG unanimously agree with the proposals in questions 1, 4 and 5.

With respect to questions 2 and 3, we did not find unanimous support (although the majority do support the IASB proposal). In the case of a dissenting opinion, the reasons and alternative proposals are explained in our letter.

If you have any questions about our comments, please contact ***glenif@glenif.org***.

Yours sincerely,

Jorge José Gil
Chairman
Group of Latin American Accounting Standard Setters (GLASS)

[1] The general objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions in respect to all documents issued by the IASB. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Chairman), Bolivia, Brazil (Board), Chile, Colombia (Board), Costa Rica, Ecuador, El Salvador, Guatemala (Board), Honduras, Mexico (Vice Chairman), Panama, Paraguay, Peru, Dominican Republic, Uruguay (Board) and Venezuela (Board);

Grupo Latinoamericano
de Emisores de Normas
de Información Financiera

Group of Latin-american
Accounting Standard Setters

GLASS' Comment Letter on the IASB Exposure Draft Exposure Draft ED/2014/4 Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value

Question 1—The unit of account for investments in subsidiaries, joint ventures and associates
The IASB concluded that the unit of account for investments within the scope of IFRS 10, IAS 27 and IAS 28 is the investment as a whole rather than the individual financial instruments included within that investment (see paragraphs BC3–BC7). Do you agree with this conclusion? If not, why and what alternative do you propose?

GLASS unanimously agrees that the unit of account for investments within the scope of IFRS 10, IAS 27 and IAS 28 is the investment as a whole rather than the individual financial instruments included within that investment.

Question 2—Interaction between Level 1 inputs and the unit of account for investments in subsidiaries, joint ventures and associates
The IASB proposes to amend IFRS 10, IFRS 12, IAS 27 and IAS 28 to clarify that the fair value measurement of quoted investments in subsidiaries, joint ventures and associates should be the product of the quoted price (P) multiplied by the quantity of financial instruments held (Q), or P × Q, without adjustments (see paragraphs BC8–BC14). Do you agree with the proposed amendments? If not, why and what alternative do you propose? Please explain your reasons, including commenting on the usefulness of the information provided to users of financial statements.

The majority of our constituents agree with the proposed change to clarify that the fair value measurement of quoted investments in subsidiaries, joint ventures and associates should be the product of the quoted price (P) multiplied by the quantity of financial instruments held (Q), or P × Q, without adjustments.

However, one constituent believes that the quoted market price for the equity instruments of a subsidiary, joint venture or associate do not precisely represent the sales value of such entities. Such quoted price (P) refers to individual securities and, as a result, does not reflect a value that also includes the price for the transfer of control, joint control or significant influence (control premium).

The dissenting opinion mentioned in the previous paragraph proposes that the investing entity be the one that determines the fair value of these investments, taking into account the control premium.

Other comments

GLASS believes it is necessary to clarify in paragraph 10 of IAS 27 whether the use of the fair value alternative (i.e. valuation in accordance with IFRS 9) requires recognizing subsequent changes in fair value in the results of the period or in other comprehensive income.

Question 3—Measuring the fair value of a CGU that corresponds to a quoted entity
The IASB proposes to align the fair value measurement of a quoted CGU to the fair value measurement of a quoted investment. It proposes to amend IAS 36 to clarify that the recoverable amount of a CGU that corresponds to a quoted entity measured on the basis of fair value less costs of disposal should be the product of the quoted price (P) multiplied by the quantity of financial instruments held (Q), or P × Q, without adjustments (see paragraphs BC15–BC19). To determine fair value less costs of disposal, disposal costs are deducted from the fair value amount measured on this basis. Do you agree with the proposed amendments? If not, why and what alternative do you propose?

The majority of our constituents agree with the proposal to amend IAS 36 to clarify that the recoverable amount of a CGU that corresponds to a quoted entity measured on the basis of fair value less costs of disposal should be the product of the quoted price (P) multiplied by the quantity of financial instruments held (Q), or P × Q, without adjustments and to determine fair value less costs of disposal, disposal costs are deducted from the fair value amount measured on this basis.

However, one constituent, consistent with the minority opinion expressed in our response to question 2, believes that the fair value used in IAS 36 should be calculated considering the previously mentioned control premium.

Question 4—Portfolios
The IASB proposes to include an illustrative example to IFRS 13 to illustrate the application of paragraph 48 of that Standard to a group of financial assets and financial liabilities whose market risks are substantially the same and whose fair value measurement is categorised within Level 1 of the fair value hierarchy. The example illustrates that the fair value of an entity's net exposure to market risks arising from such a group of financial assets and financial liabilities is to be measured in accordance with the corresponding Level 1 prices. Do you think that the proposed additional illustrative example for IFRS 13 illustrates the application of paragraph 48 of IFRS 13? If not, why and what alternative do you propose?

GLASS unanimously agrees with the proposed additional illustrative example for IFRS 13 to illustrate the application of paragraph 48 of that standard.

We also recommend the inclusion of guidance on how to make the allocation suggested in the example.

Question 5—Transition provisions
The IASB proposes that for the amendments to IFRS 10, IAS 27 and IAS 28, an entity should adjust its opening retained earnings, or other component of equity, as appropriate, to account for any difference between the previous carrying amount of the quoted investment(s) in subsidiaries, joint ventures or associates and the carrying amount of those quoted investment(s) at the beginning of the reporting period in which the amendments are

applied.

The IASB proposes that the amendments to IFRS 12 and IAS 36 should be applied prospectively. The IASB also proposes disclosure requirements on transition (see paragraphs BC32–BC33) and to permit early application (see paragraph BC35).

Do you agree with the transition methods proposed (see paragraphs BC30–BC35)? If not, why and what alternative do you propose?

GLASS agrees with the proposed transition methods.

However, one country member believes all changes resulting from the amendments should be applied prospectively, particularly the change related to the clarification as to how to determine whether the change in the methods used to measure fair value is a change in estimate and therefore to be applied prospectively.

*** End of document ***