



Via Email: director@fasb.org

September 7, 2010

Mr. Russell G. Golden
Technical Director
File Reference No. 1830-100
Financial Accounting Standards Board
401 Merritt 7
Post Office Box 5116
Norwalk, Connecticut 06856-5116

RE: Proposed Accounting Standards Update to Fair Value Measurements and Disclosures (Topic 820) *Amendments for Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*

Dear Mr. Golden:

Ameriprise Financial, Inc., one of the nation's leading financial planning, asset management and insurance companies, appreciates the opportunity to offer comments with respect to the Proposed Accounting Standards Update: "Fair Value Measurements and Disclosures (Topic 820) *Amendments for Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*" (the "Proposed Update").

We believe that high-quality disclosures about the fair value of financial instruments are important for users and we agree with the objective of the Proposed Update to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. generally accepted accounting principles ("US GAAP") and International Financial Reporting Standards ("IFRS"). However, we have concerns over certain disclosures required under the Proposed Update. In light of these concerns, we also offer our view as to when the Proposed Update should be effective.

Measurement Uncertainty Analysis

As explained in more detail below, we believe that the new proposed disclosure requirement of a measurement uncertainty analysis for Level 3 fair value measurements would be costly for preparers and would not be useful for users of financial statements.

Significant Cost to Entities to Provide Additional Valuations

Level 3 fair value measurements and disclosures are currently costly to prepare. The requirement to disclose the impact of changing one or more unobservable inputs that

could have reasonably been used and would have resulted in a significantly higher or lower fair value will require establishing new auditable processes to ensure the impact of the full range of "reasonable" unobservable inputs is assessed. These processes will require valuation models to be rerun a multitude of times, which would be a significant resource commitment from both a personnel and technology perspective. Furthermore, the processes and outputs will be subject to SOX testing and audit, which will also be a significant cost to companies. Finally, broker quotes are often considered to be Level 3 valuations and it is unclear whether we would be able to obtain this information from brokers for each of their quotes.

A Range of "Reasonable" Inputs Will Likely Result in a Valuation Range that is Wide, Non-comparable, Variable from Period to Period, and Confusing

By definition, the range of reasonably possible inputs - inputs that are more than remote but less than likely - will be very wide and will result in a wide range of fair values. The determination of what unobservable inputs are reasonably possible will require a substantial amount of management judgment, and accordingly, will likely lead to disclosures that are not comparable between companies.

The requirement to perform the measurement uncertainty analysis at the asset class level will make the results of this disclosure difficult to compare between companies and within the same company over different periods. In addition to having different opinions as to the reasonable range of unobservable inputs, companies will differ in the composition of asset classes and the significance of unobservable inputs within those asset classes, as well as an instrument's response to those inputs. The changes in the composition of the asset classes and the significance of unobservable inputs within those classes can also change from period to period, which can make a company's own disclosures not comparable from period to period.

Finally, the disclosure of the impact of using other reasonably possible unobservable inputs that would have resulted in a significantly higher or lower fair value measurement could be confusing to users of the financial statements. Financial statement users could view the fair value measurements driving these impacts to be equally representative of fair value unless management further discloses the specific facts and circumstances supporting why management used certain assumptions. Such a narrative for each valuation is not practical.

Correlation

The proposed disclosure will be further complicated by the requirement to assess the effect of correlation between unobservable inputs. While correlation is a relevant consideration, the current requirement to assess the impact of correlation related to only the unobservable inputs would not provide the user with valuable information as the impact would only consider some of the adjustments to fair value and not all. It is difficult to understand how a partial view of the impact would be beneficial to a financial statement user.

IFRS - Convergence

Although the measurement uncertainty analysis is intended to align US GAAP with new disclosures required under IFRS 7, *Financial Instruments: Disclosures*, the proposed measurement uncertainty analysis would be even more challenging for preparers under US GAAP because IFRS 7 does not require the complexity of disclosing the effect of correlation between unobservable inputs and the scope of financial instruments that would be covered by the Proposed Update is broader and is expected to grow under the Proposed Accounting Standard Update on *Financial Instruments*¹ (“*Financial Instruments* proposal”).

Additional Measurements Subject to Fair Value Hierarchy Disclosures

The Proposed Update would require companies to separately disclose the fair value of financial instruments not measured at fair value in the statement of financial position by level within the fair value hierarchy. We believe that the cost to provide this disclosure significantly outweighs the benefit of the information to users. Currently, Accounting Standards Codification 825-50-10b requires entities to disclose the “method and significant assumptions used to estimate the fair value of financial instruments.” We believe that this information is helpful to users of the financial statements and already provides the users with a good idea of where the valuation would fall within the fair value hierarchy.

Effective Date

If the Proposed Update is modified to exclude the measurement uncertainty analysis disclosure, we believe the new standard could be effective as early as the first period beginning after the final guidance is issued. If the measurement uncertainty analysis disclosure is retained as currently proposed, we believe the effective date of the Proposed Update should be no earlier than 12 months following the issuance of the final guidance. An implementation period of at least 12 months is necessary to provide financial statement preparers with sufficient time to develop, test, and execute changes to current systems, controls, and processes to produce the measurement uncertainty analysis. Furthermore, given the significant increase in financial instruments that could be subject to these disclosures under the *Financial Instruments* proposal, we believe the effective dates of the Proposed Update and the *Financial Instruments* proposal should coincide. In addition to providing financial statement preparers with time to implement the measurement uncertainty analysis, aligning these effective dates would enable preparers to implement these requirements once rather than piecemeal.

¹ The Financial Accounting Standards Board’s Proposed Accounting Standards Update—*Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities—Financial Instruments (Topic 825) and Derivatives and Hedging (Topic 815)*.

Thank you for your consideration of our comments on these very important matters. If you have any questions, comments or would like further information, please contact me at (612) 678-4769.

Sincerely,


/s/ David K. Stewart

David K. Stewart
Senior Vice President & Controller