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Via email: iasb@iasb.org

April 22, 2009

Sir David Tweedie, Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir David and Project Managers,

Re: **Request for views on Proposed FASB Amendments on Fair Value Measurement and to Impairment Requirements for Certain Investments in Debt and Equity Securities**

I am writing on behalf of the California Public Employees' Retirement System (CalPERS). CalPERS is the largest public pension fund system in the U.S. CalPERS manages approximately $172 billion in assets providing retirement and health benefits for nearly 1.5 million members.

CalPERS is pleased to provide comment to the IASB on its request for views on the Financial Accounting Standards Board's (FASB) amendments on fair value measurement and impairment requirements for certain investments in debt and equity securities as released and clarified on April 9, 2009. The three final staff positions (FSPs), are intended to provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities. FSP FAS 157-4 (Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly) provides guidelines for making fair value measurements more consistent with the principles presented in FASB Statement No. 157 (Fair Value Measurements). FSP FAS 107-1 and APB 28-1 (Interim Disclosures about Fair Value of Financial Instruments), enhances consistency in financial reporting by increasing the frequency of fair value disclosures. FSP FAS 115-2 and FAS 124-2 (Recognition and Presentation of Other-than-Temporary Impairments), provides additional guidance designed to create greater clarity and consistency in accounting for and presenting impairment losses on securities.

CalPERS understands there were some changes in the final documents from the guidance first proposed which include a number of new disclosures relating to the determinations of fair value and to estimated credit losses and credit exposures. We believe the final documents provide for better transparency with FSP FAS 107-1 and APB 28-1 requiring disclosures on a quarterly basis (versus yearly) which provide qualitative and quantitative information about fair value estimates for all those financial instruments not measured on the balance sheet at fair value. We feel there may be partial benefits to the release of these FSPs; though we are concerned about the process and approach by the FASB in releasing these FSPs.

CalPERS supports the IASB and FASB joint approach (announced in October 2008) dealing with reporting issues arising from the global financial crisis and the importance of working in a cooperative and coordinated manner. However, we are disappointed that the recent guidance by the FASB was not a joint effort approached in a coordinated matter to clarify fair value measurements and impairment requirements. CalPERS believes there are risks in a piecemeal approach to accounting standards that are so critical in a time of financial crisis. We also note that this disjointed approach by the Boards has provided additional major differences between International Financial Reporting Standards (IFRS) and U.S. GAAP.

Earlier this week, CalPERS provided comment to the SEC regarding the roadmap to the use of IFRS by U.S. issuers. We stressed the critical importance that financial reporting provide reliable, high quality, transparent and comparable information for the company and other users in making stewardship decisions, as well as investment decisions. We feel strongly that the IASB and FASB should give priority to developing proposals, which elevate accounting standards towards convergence and development of a single set of high quality global accounting standards.

CalPERS believes that during this time of global financial crisis it is even more critical that the differences between IFRS and U.S. GAAP not be increased. Both Boards need to reaffirm their commitment to collectively work toward the gold standard of a single set of high quality global accounting standards. Although CalPERS does not support the condensed process driven by political influences in which FASB requested comment and issued these FSPs. We believe the IASB should reaffirm the objective of fair value, when the market for an asset is not active, that the price received to sell the asset in an orderly transaction (that is not a forced liquidation or distressed sale) is between market participants at the measurement date under current market conditions and requires an entity to base its conclusion on the goal of arriving at an exit price in an orderly transaction under current market conditions.

CalPERS is concern with FASB's rule changes that could initially reduce other-than-temporary impairment (OTTI) charges to earnings for debt securities by only recognizing credit losses since the rest of the loss would run through accumulated other comprehensive income (AOCI) on the balance sheet. We realize that this may provide banks with regulatory capital relief, but it would have no impact on tangible common equity. Upon adoption, companies will be allowed to strip the non-credit related losses from past OTTI charges out of retained earnings and move them to AOCI, which might provide a boost to regulatory capital. CalPERS does not believe a bifurcation of incurred economic losses on debt instruments into credit and "other" losses, which is proposed and for which no model currently exists, is the best approach.

CalPERS is concerned with FASB's recent impaired due process. We believe the decision to issue these FSPs in a shortened period raises questions about the Board and its willingness to determine which reporting issues are most important to investors, and how best to address them through standard setting.

With this said, we feel strongly that both Boards work collectively to determine the next steps in bringing guidance on fair value and impairment accounting in-line so major differences are addressed, to ensure financial reporting provides for reliable, high-quality, transparent, comparable information for the company, board members, investors, and other users in making investment decisions.

If you would like to discuss any of these points, please do not hesitate to contact me at (916) 795-4129.

Respectfully,

Mary Hartman Morris

Mary Hartman Morris
Investment Officer

Cc: Joseph A. Dear, Chief Investment Officer - CalPERS
Eric Baggesen, Senior Investment Officer - CalPERS