Ford Motor Company

Technical Director -- File Reference No. 2015-350
Financial Accounting Standards Board
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VIA EMAIL: director@FASB.org

File Reference: Comments on Exposure Draft, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement

Ford Motor Company ("Ford"), a global automotive industry leader based in Dearborn, Michigan, manufactures or distributes automobiles across six continents. Ford Motor Credit Company LLC ("Ford Credit"), an indirect, 100% owned subsidiary of Ford, is one of the world’s largest automotive finance companies.

We appreciate the opportunity to comment on the FASB’s Exposure Draft, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. We support the amendments to remove and modify certain disclosures required by Topic 820. We agree that the proposed modifications would eliminate information that is not decision-useful and improve the overall effectiveness of the disclosures of fair value measurements.

Our Investor Relations group rarely receives any questions related to fair value measurements or disclosures. Consequently, we believe that adding detail related to changes in unrealized gains and losses for recurring Level 1 and Level 2 fair value measurements would provide little disclosure value and could obfuscate relevant information. Level 1 and Level 2 investments are generally very simple investments that are measured using straightforward valuation techniques. The proposed detail disclosures regarding the unrealized gains and losses could lead the user of the financial statement to draw erroneous conclusions if the results are not understood within the company’s investment strategy.

In addition to the other proposed changes in this exposure draft, we believe the Board should consider allowing discretion for disclosing certain information related to Level 3 inputs used in fair value measurements required in Topic 820-10-50-2(bbb), especially if disclosing such information could compromise an entity’s competitive position. Certain Level 3 measurements, particularly nonrecurring measurements such as fixed asset impairments or the measurement of receivables held for sale, involve assumptions using proprietary information. We ask the Board to consider allowing companies to provide only qualitative disclosures for such items. We also ask the Board to keep in mind that any inputs and assumptions used in valuations are tested and assessed for reasonableness by the company’s external auditor. In addition, information regarding non-recurring and recurring Level 3 measurements is to be disclosed under paragraph 820-10-50-2(a) and (c).
We support the view that employee benefit plans should be exempt from the proposed disclosure requirements in paragraph 820-10-50-2(bbb) through (d) to be consistent with how plan assets of a defined benefit pension or other postretirement plan are disclosed in the plan sponsor financial statements under Topic 715.

Finally, we note that the Board has elected to propose these amendments to Topic 820 (which is largely converged with the IFRS guidance today) independent of the IASB. The proposed amendments would create divergence with International standards at a time we should be seeking convergence. We urge the FASB to work with the IASB before issuing new disclosure guidance to ensure convergence of fair value disclosures.

We appreciate the Board’s consideration of our views.

Sincerely,

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