

São Paulo, August 31st, 2016

**BOARD OF DIRECTORS
ON BEHALF OF INTERNATIONAL VALUATION STANDARDS COUNCIL**

1 King Street
London
UNITED KINGDOM
EC2V 8AU

Email: commentletters@ivsc.org

Re: IVS 500: FINANCIAL INSTRUMENTS

Dear all,

The Brazilian Committee of Business Valuers from ANEFAC (ANEFAC - CBAN) is pleased to provide the attached comments on the above referenced topic.

This Valuers' Committee is an effort to organize the profession in Brazil and to align our practices with the international ones, in order to strengthen our international market relationship.

We appreciate the opportunity to provide you with some information about financial instruments matters in our country.

If you have any questions concerning our comments, please contact us.

Sincerely,



Rodrigo Martins Amato – Director



ANA CRISTINA FRANÇA DE SOUZA
Managing Partner

IVS 500: FINANCIAL INSTRUMENTS

Comments and Answers for the Questions for Respondents

(a) In IVS 2013, all substantive portions of IVS 500 Financial Instruments were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?

ANEFAC-CBAN: Yes, we agree.

(b) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of financial instruments regardless of the purpose of the valuation (acquisitions, mergers and sales of businesses or parts of businesses, financial reporting, regulatory requirements, internal risk and compliance procedures and regulatory requirements). Do you agree? If not, for what purpose(s) do you believe this standard cannot be applied? Why?

ANEFAC-CBAN: Yes, we agree.

3 Are there any further topics that you feel the Board should add or remove from IVS 500 Financial Instruments? If so, what are they and what is your rationale?

ANEFAC-CBAN: Yes. There should be addressed the prudential adjustments in regard of Basel Market Risk Revision, that created the XVA’s, and to clarify the difference between them and a Fair Value Adjustment approach, such as in IFRS13. Also, for § 70.1: Provide some theoretical examples and key characteristics to define similarity of an instrument to a portfolio, in order to help addressing future needs for IFRS9 - Macro Hedge.