



CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

150 York Street, Suite 200, Box 90, Toronto, Ontario M5H 3S5
Tel 416.913.8260 Fax 416.850.9235 www.cpab-ccrc.ca

September 10, 2009

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

Dear Sir David:

Re: Exposure Draft, Financial Instruments: Classification and Measurement

The Canadian Public Accountability Board (CPAB) is pleased to comment on the International Accounting Standards Board's (Board's or IASB's) Exposure Draft, Financial Instruments: Classification and Measurement (ED).

We are supportive of the Board's efforts to develop a revised standard of financial reporting for financial instruments that is principle-based and less complex. We believe the ED is a positive step in this direction, however, we have concerns about the timing and speed with which the IASB is proposing to finalize and implement the ED and what this may mean for international convergence.

The changes proposed in the ED represent a very significant change in accounting for financial instruments. It is therefore very important, in our view, to ensure that due process is followed and appropriate time allowed for consultation with stakeholders in this complex area of accounting before finalizing the standard. It appears to us that the pressure on the Board to issue a standard to be available for early adoption for 2009 year-end financial statements is putting stress on the Board's due process. CPAB believes it is critical for the new standard to be carefully developed and "field tested" by financial statement preparers prior to the standards finalization such that its implementation achieves reasonable and consistent results. We are concerned the Board's aggressive timeline to finalize the standard runs the risk of a suboptimal outcome.

CPAB supports the development of globally converged high quality accounting standards. However, it appears the IASB and the US Financial Accounting Standards Board (FASB) are on

somewhat divergent paths with respect to the proposed model and timing for issuance of a revised standard on financial instruments. This potential lack of convergence may lead to additional differences between International Financial Reporting Standards and US generally accepted accounting principles at a time when the IASB and FASB should be working more closely together to achieve a harmonized high quality global standard on financial instruments.

The Board has chosen to complete the financial instruments project in three phases and expects to publish exposure drafts in the fourth quarter of 2009 on impairment of financial assets and hedge accounting. Issuing exposure drafts in stages makes it difficult for stakeholders to see the whole picture when assessing the ED as the details of related exposure drafts are not currently known. For example, it is more challenging to assess the impact of the ED not knowing the impairment model to be applied for financial assets. We believe it is important for stakeholders to be given appropriate time to carefully consider and deliberate the entire proposed financial instruments standard including classification, measurement, impairment and hedging.

CPAB appreciates the opportunity to provide input to the Board on the ED and believes consideration of the points above will assist in the development of a converged high quality global standard on financial instruments.

We would be pleased to discuss further any of the above comments.

Yours very truly,



Brian Hunt, FCA
Chief Executive Officer

cc. Mr. Peter Martin, CA
Director, Accounting Standards
Accounting Standards Board
Canadian Institute of Chartered Accountants