

Russell C Picot
Group Chief Accounting Officer

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

30 November 2010

Dear

David

The annual improvements process: Proposals to amend the Due Process Handbook for the IASB

We welcome the opportunity to comment on the consultation document, 'The annual improvements process: Proposals to amend the Due Process Handbook for the IASB' ('the CD').

HSBC is one of the largest banking and financial services organisations in the world, with assets of US\$2,418 billion at 30 June 2010. Headquartered in London, HSBC serves customers worldwide from more than 8,000 offices in 87 countries and territories in six geographical regions. HSBC's businesses encompass a very broad range of financial services and products, including personal financial services, commercial banking, global banking and markets, private banking, asset management and insurance.

We support the annual improvements process and agree with the Board's proposal that annual improvements should have a narrow and well defined purpose and broader amendments should be part of a separate Board project. We agree that the qualifying criteria set out in paragraph 65A are appropriate and in particular, that any correcting amendment should not propose a new principle or a change to an existing principle, but may create an exception to an existing principle.

We would welcome an alignment of this principle with the IFRS Interpretations Committee ('IFRIC') agenda decision process. This will clarify that the same criteria are applied, in that any decisions that the IFRIC make do not propose or change an existing principle but are interpretations of these existing principles arising in response to divergence in practice.

As always, we are available to discuss our comments with you in further detail if this would be helpful.

Yours sincerely

Russell

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