



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

4 September 2013

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH
United Kingdom

Ref: 2013/JE/C1/IASB/146

RE: Exposure Draft – Regulatory Deferral Accounts

Dear IASB Members:

The International Organization of Securities Commissions (IOSCO) Committee on Issuer Accounting, Audit and Disclosure (Committee 1) thanks you for the opportunity to provide our comments regarding the International Accounting Standards Board (IASB or the Board) Exposure Draft, ED/2013/5, Regulatory Deferral Accounts (the Exposure Draft).

IOSCO is committed to promoting the integrity of international markets through promotion of high quality accounting standards, including rigorous application and enforcement. Members of Committee 1 seek to further IOSCO's mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. The comments we have provided herein reflect a general consensus among the members of Committee 1 and are not intended to include all of the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

General Observations

Committee 1 is supportive of the Board's long-term objective of the rate-regulated activities project to develop a Discussion Paper to consider whether rate regulation creates assets or liabilities in addition to those already recognized in accordance with IFRS for non-rate-regulated activities. Committee 1 is hopeful that this long-term project will result in a standard that will address whether the effects of rate regulation meet the definition of assets and liabilities in the Conceptual Framework or are subject to a basis for recognition as determined by the Board.

Most Committee 1 members, however, do not believe this proposed interim Standard, which would provide relief from certain provisions of IAS 8 to future but not previous adopters of IFRS for an indeterminate period of time, will help to achieve this objective. More specifically, the proposed interim Standard would permit entities within its scope with a temporary exception from applying paragraph 11 of IAS 8 to its accounting policies for the recognition, measurement and impairment of

Calle Oquendo 12
28006 Madrid
ESPAÑA
Tel.: + 34 91 417.55.49 Fax: + 34 91 555.93.68
mail@oicv.iosco.org - www.iosco.org

regulatory deferral accounts. Several specific concerns of these Committee 1 members are noted in the "Specific Concerns" section of this letter.

Nonetheless, on balance, one Committee 1 member agrees with the strategy that the Board is employing in pursuing an interim Standard. This is because the interim Standard will, as a practical matter, enable certain rate-regulated entities to adopt IFRS that would not have adopted IFRS without being permitted to retain the accounting for rate-regulation. As a result this will further the objective of greater adoption of a single set of high quality globally consistent accounting standards. In addition, the interim Standard will provide regulators and standard setters with a greater degree of knowledge and experience with the financial reporting and disclosure aspects of regulatory activities in an IFRS context, which could provide useful information and knowledge in developing a long term standard in this area.

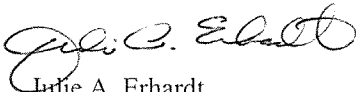
Specific Concerns

Even though the Board aims to issue a Discussion Paper in the fourth quarter of 2013, the concerned Committee 1 members expect that the final resolution of this project will take a considerable amount of time based on the previous attempts by the Board to address this issue and the experience with other interim Standards that have provided a temporary exception to aspects of IAS 8. These Committee 1 members observe that the IASB provided a similar exception for entities within the respective scopes of IFRS 4, *Insurance Contracts* and IFRS 6, *Exploration for and Evaluation of Mineral Resources*. Much like this proposed interim Standard, both IFRS 4 and IFRS 6 were identified by the Board as a first phase in projects to address the accounting for Insurance Contracts and Extractive Activities on a broader basis. The Board has not yet finalized either of these projects, even though the effective dates for IFRS 4 and IFRS 6 were January 1, 2005 and January 1, 2006, respectively. Therefore, these Committee 1 members are concerned that prior experience with interim standards will be repeated with this proposed interim Standard.

Further, these Committee 1 members do not believe that in practice this interim standard will provide consistency in financial reporting for entities whose activities are subject to rate regulation, because they expect that those who apply it are likely to conclude that deferrals are appropriate, whereas they believe that generally in practice the previous adopters of IFRS have concluded that deferrals are not appropriate. While the Board, through the provisions of IFRS 1, has granted transition accommodations to facilitate adoption of IFRS, the Board's proposal for this interim Standard would offer more than such an accommodation since it would apply to not just pre-IFRS adoption, but also to post-IFRS adoption events and transactions.

We appreciate your thoughtful consideration of the comments raised in this letter. If you have any questions or need additional information on the recommendations and comments that we have provided, please do not hesitate to contact me at +202-551-5300.

Sincerely,



Julie A. Erhardt

Chair

Committee 1

International Organization of Securities Commissions