



April 11, 2002

Sir David Tweedie  
Chairman, International Accounting Standards Board  
30 Cannon Street  
London, England

VIA FACSIMILIE 011 44 207 246-6411

Dear Sir David:

The Standing Committee No. 1 on Multinational Disclosure and Accounting of the International Organization of Securities Commissions has been reviewing the Exposure Draft of proposed changes to the asset ceiling test of IAS 19 Employee Benefits. We would like to supply the following comments:

- 1.) We recognize and applaud the Board's effort to be swift and responsive to problems regarding existing international accounting standards, but also are cognizant of the need to make changes carefully. We are concerned that there has not yet been sufficient explanation of this particular issue.
- 2.) Standing Committee members have reviewed the Exposure Draft and conducted discussions with colleagues and with members of the IASB staff, but still have questions regarding the combination of events presented in the ED, the derivation of the gain that is described as being inappropriate, and the accounting remedy proposed.
- 3.) Some members have asked if perhaps the gain arising might more commonly be a matter of being able to utilize a previously unrecognized asset, than an unforeseen problem with the provisions of IAS 19. Despite the ED's examples stating that "there is no increase in future benefits", these members are unable to visualize a situation where the loss experiences described in the ED would not be expected to result in potentially increased future pension contributions. If that were the case, the need for such increased contributions could therefore be offset by the previously unrecognized surplus.
- 4.) Other members have also asked if perhaps larger IAS 19 issues are involved, such as the existence of the asset ceiling itself, and/or other mechanisms in the provisions of IAS 19. We question if a single element revision at this point in time is the proper approach.

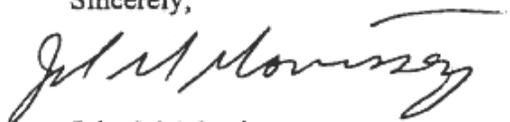
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5.) We have concluded that the information provided to date has been insufficient to permit us to develop a good understanding of the issue, and therefore we cannot properly evaluate the merits of the ED.

We will leave to the Board's further deliberations and expertise the matter of whether this proposed change is justified. If the solution proposed is warranted after all facts are examined and considered, we urge the Board to provide fuller explanation in the final standard.

If you have any questions regarding our comments, we would be happy to discuss the matter further.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Morrissey". The signature is written in a cursive style with a prominent horizontal line at the top.

John M. Morrissey  
Chairman  
IOSCO Standing Committee No. 1 on Multinational  
Disclosure and Accounting