

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

Dear Sir David,

I am a member of the User Advisory Council in Canada and am deeply concerned about recent announcements made by the FASB and the IASB. The changes made by the FASB to the accounting for financial instruments, certainly appear to be politically motivated and bring back bad memories to me of the stock option accounting issue of the 1990's. Maintaining the appearance as well as the substance of independence from political pressure and lobby pressure is important to give confidence to the ultimate quality of the statements presented for use. It is not up to accounting standard setters to support security market prices, which appears to have motivated the opponents of fair value. I believe the use of OCI for impairment losses is meant to either downplay or hide their effects on the institutions concerned and certainly does not serve the goal of adding clarity, which I believe to be direction of most IASB changes. Please do not follow the FASB lead here.

I believe that using accounting standards as a policy tool results in poor quality standards that are against the public interest and can undermine public confidence in accounting. If a certain group of users, such as regulatory bodies need to have certain changes made for capital measurement purposes, do not let that be the driving force that affects the other users of statements

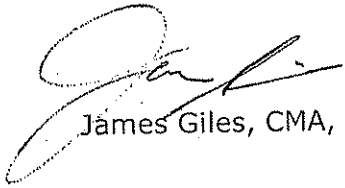
I support recognizing all actively traded financial instruments at fair value with changes in fair value reported in profit or loss. I do not understand how any other type of measurement is possible if the objectives of high quality accounting standards, as set out in the IASB's Framework for the Preparation and Presentation of Financial Statements, are to be met. Of course estimates are needed in some circumstances where market pricing is not available, but let's work to make estimates better not scrap fair value.

Neither fair values nor impairment write-offs should be based on management intentions, the ability to hold until maturity, or the value that management expects to realize in the future. Under this scenario, extending (and perhaps torturing) the logic of this argument somewhat, should discounted bonds be shown at par if management's intention is to hold them to maturity and they would expect to be money good at that time? The knowledge of management intention can be useful to users but should be disclosed as management commentary or in the notes to the financial statements.

More full and complete disclosure should be the goal here and we certainly have seen enough examples in the past decade where it would likely have helped investors make better decisions on their investments, e.g. Enron.

As Canada is shortly to adopt IFRS we need to be confident that the IASB will remain independent. As the global accounting standard setter, the IASB must carefully consider the needs of all users of statements.

Thank you,

A handwritten signature in black ink, appearing to read 'James Giles', written in a cursive style.

James Giles, CMA, CFA