



Kimberly Crook  
Project Manager  
International Accounting Standards Board  
30 Cannon Street  
GB - London EC4M 6XH

Swiss Reinsurance Company  
Mythenquai 50/60  
P.O. Box  
CH-8022 Zurich  
Direct line +41 43 285 6113  
Direct fax +41 43 285 4659  
George\_Quinn@SwissRe.com

Fax +44 (0) 207 246 6411  
CommentLetters@iasb.org.uk

7 March 2003

## **Comments on the Exposure Draft 2 –Share based payments**

Dear Ms. Crook

Swiss Re, as one of the world's leading reinsurers, supports the IASB on improving International Accounting Standards. Swiss Re Group's financial statements are published in accordance with Swiss GAAP (FER). The Swiss stock exchange has mandated that all listed companies comply with either IAS or USGAAP by 2005. Furthermore, some of our subsidiaries, as well as a number of our clients use IAS as their reporting standards.

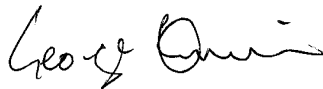
We generally support the direction taken in this exposure draft. We do however have a concern that the fair value measurement basis proposed signals a significant change in direction away from the more traditional accounting measurement and recognition methods. We are concerned about the reliability of fair value based techniques in areas where there are no active markets. In addition the recognition of items under this approach contrasts with recognition requirements of existing IAS standards. For example, under IAS, elements are only recognised if it is probable that any future economic benefits associated with an item will flow to or from the enterprise. This contrasts with the fair value approach taken in this exposure draft which requires expense recognition even if the eventual expense is not probable or likely to occur, for example , in setting assumptions for conditional grants of shares or options.

For transactions with parties other than employees, we do not agree with the rebuttable presumption that the fair value of goods and services received is more readily determinable than the fair value of the equity instruments granted. We recommend that the rebuttable presumptions be removed as it is not consistent with the principle based approach taken by the IASB.

It would assist comparability of financial statements if the transition provisions required a retrospective restatement of comparative data with an opening adjustment to retained earnings. However if this would entail undue cost and effort then a prospective approach should be allowed. The date of implementation for a prospective approach should be the date of issue of the final statement not the date of the exposure draft.

We would be happy to lend our support to any future discussions. We also would be pleased to discuss with you at your convenience any questions or issues that you may have concerning our letter. (Please contact Paul Collier +41 43 285 6472).

Yours sincerely,

A handwritten signature in black ink, appearing to read "George Quinn". The signature is fluid and cursive, with the first name "George" and the last name "Quinn" clearly distinguishable.

George Quinn  
Chief Accounting Officer