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2 December 2008

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

Dear David

I attach the Report that has been commissioned by the Australian Financial Reporting Council (FRC) for the joint IASB/FASB Roundtable on the Global Financial Crisis, to be held in Tokyo on 3 December 2008.

The Report seeks to identify and provide responses to a range of the accounting issues that have emerged from the global credit crisis that are significant for Australian Authorised Deposit-taking Institutions (ADIs).

The Report's findings are based on a survey commissioned by the FRC which outlined issues that were raised in earlier Roundtables or IASB submissions. A total of eight ADI's responded to the FRC survey, including the four largest Australian banks. This represents a very significant participation, both as to overall market capitalization but in particular, it represents the overwhelming majority of Australian ADI's.

The most pressing need for change highlighted in the Report related to the difference between the prudential and accounting models for provisioning of loans held at amortised cost. This is an area that has already received significant global comment, and our respondents acknowledge the differing functions or roles of prudential regulation and accounting standards, however the expertise and experience of global prudential Regulators is something that should be utilized by Standard Setters. The accounting rules for hedging are a further area of high priority for change.

Respondents also felt strongly that changes are needed in the way in which impairment of available for sale securities is measured and reversed, and supported

changes in these requirements. In addition, issues have been raised specific to the insurance industry.

I would be grateful if you would distribute my letter with the papers for the next meeting of the IASB. The submission will be tabled at the Tokyo Roundtable by Judith Downes who has undertaken the preparation of the Report in conjunction with the FRC. I look forward to the IASB's response to the issues raised as part of the current Roundtable series. If you have any queries concerning the Report or would like to discuss the matter further, my contact number is +61418 829 4232 or email [chairman@frc.gov.au](mailto:chairman@frc.gov.au).

Yours sincerely

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

Jeffrey Lucy AM  
Chair  
Financial Reporting Council