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

Robert Garnett, Chairman
IFRS Interpretations Committee
30 Cannon Street
London EC4M 6XH
United Kingdom

October 26, 2010

RE: IFRS Interpretations Committee's rejection notices published after the Committee's September 2010 meeting

Dear Mr. Garnett,

The International Organization of Securities Commissions Standing Committee No. 1 on Multinational Disclosure and Accounting (SC 1) has considered the outcome of the IFRS Interpretations Committee's (the "Committee") tentative agenda decision regarding IAS 32 - *Put options written over non-controlling interests (NCI)*.

The Committee has invited its constituents to comment on the tentative agenda decision. We thank you for this opportunity and are pleased to provide you with our comments.

We understand from the Committee's discussions that though the request for guidance focuses on how an entity should account for changes in the carrying amount of a financial liability for a put option, written over shares held by a non-controlling interest shareholder ("NCI put"), there may exist an underlying problem stemming from a potential inconsistency¹ between IAS 27 *Consolidated and Separate Financial Statements* after the 2008 amendments and IAS 39 *Financial Instruments: Recognition and Measurement*.

We agree with the Committee that the issue is widespread in practice and that divergence can be observed in practice. We therefore believe that the project warrants quick action. Whether this can be best achieved by the Committee or by the Board through its Financial Instruments

¹ This inconsistency was brought to the attention of the IASB after the September meeting of the Committee. The staff has prepared a description of the various implications of the problem in an agenda paper (AP 18) which was submitted to the IASB during its September 2010 meeting.

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with Characteristics of Equity (FICE) project is, in our view, for the Committee to consider during its November meeting.

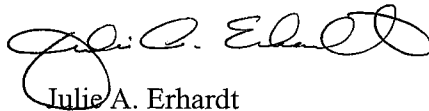
We have some comments on the wording for rejection. We are concerned that the proposed wording for rejection does not mention the rationale followed by the Committee that leads to the conclusion that paragraph 23 of IAS 32 applies to NCI puts. We believe that the Committee's agenda decision should be explicit and provide a clear reflection of its thought process. Therefore we invite the Committee to expand on the rationale followed.

Further, it has to be noted that the proposed rejection wording acknowledges that there are "*additional accounting concerns [...] relating to the accounting for NCI puts.*" We believe they should be explained in the wording for rejection.

The last paragraph of the wording for rejection states that the Committee "would expect entities to apply the guidance in IAS 1 *Presentation of Financial Statements* in determining whether additional information relating to the accounting for NCI puts should be disclosed in the financial statements, including a description of the accounting policy used". We believe that the reference to IAS 1 should be explained further because it may be interpreted as meaning that there is a choice in accounting policies, which does not seem consistent with the Committee's assessment that IAS 32 applies to NCI puts.

I would be happy to discuss all or any of these issues further with you.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Julie A. Erhardt", with a stylized flourish at the end.

Julie A. Erhardt
Chair

IOSCO Standing Committee No. 1