

4 September 2013

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom

Dear Mr. Hoogervorst

EXPOSURE DRAFT ED/2013/5 — REGULATORY DEFERRAL ACCOUNTS

The Malaysian Accounting Standards Board welcomes the opportunity to provide comments on the IASB Exposure Draft on Regulatory Deferral Accounts (ED/2013/5).

We appreciate the efforts by the IASB to develop an interim standard for regulatory deferral account balances so as to reduce the barrier to the adoption of IFRS.

We, however, have significant concerns with the proposals permitting recognition of balances that do not meet the definitions of assets or liabilities in the IASB's Conceptual Framework. Also, by permitting rate regulated entities to recognise regulatory deferral account balances upon adoption of IFRS would cause inconsistent accounting treatment with the existing IFRS preparers.

We recognise the importance of accounting for rate-regulated activities and noted that such activities are widespread in many jurisdictions, including Malaysia. Accordingly we support the IASB's efforts in undertaking a comprehensive project on Rate-regulated Activities to address the fundamental issue of whether rate regulation activities meet the definitions of asset and liabilities in the Conceptual Framework.

We noted that the Exposure Draft explicitly refers to materiality as a factor that an entity should consider when deciding how to meet the proposed disclosure requirements. We are of the view that materiality is an overall concept to be applied across all IFRSs; the underlying concept should therefore be dealt with in the IASB's Conceptual Framework.

If you need further clarification, please contact Ms. Tan Bee Leng at +603 2240 9200 or by email at beeleng@masb.org.my.

Thank you.

Yours sincerely,



MOHAMMAD FAIZ AZMI
Chairman