The Institute of
Chartered Accountants
of Pakistan

HEAD OFFICE

International Accounting Standards Board,
30 Cannon Street, London EC4M6XH,
United Kingdom

August 31, 2009

SUBJECT: 'COMMENTS ON EXPOSURE DRAFT CLASSIFICATION OF RIGHTS ISSUE PROPOSED AMENDMENTS TO IAS- 32'

Sir,

The Institute of Chartered Accountants of Pakistan welcomes the opportunity to offer comments on the above mentioned exposure draft.

Please find enclosed the comments of the relevant Committee of the Institute for your perusal.

If you require any further clarification, please do not hesitate to contact us.

Yours faithfully,

Muhammad Asif Iqbal
Director Technical Services
The Institute of Chartered Accountants of Pakistan
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‘ICAP COMMENTS ON EXPOSURE DRAFT CLASSIFICATION OF RIGHTS ISSUE PROPOSED AMENDMENTS TO IAS- 32’

Question 1 – Specifying the characteristics of the rights issue

The proposed amendment applies to instruments (rights) to be offered pro rata to all existing owners of the same class of equity instruments and the exercise price to be a fixed amount of cash in any currency.

Do you agree with the proposal to limit the amendment to instruments with these characteristics? If not, why? Are there any other instruments that should be included and why?

Yes agree with the proposal.

Question 2 – Specifying the currency of the exercise price

The proposed amendment specifies that the fixed amount of cash the entity will receive can be denominated in any currency. If that currency is not the entity’s functional or reporting currency, the proceeds it receives from the issue of its shares will vary depending on foreign exchange rates.

Do you agree with the proposal to permit an entity to classify rights with the characteristics set out above as equity instruments even when the exercise price is not fixed in its functional or reporting currency? If not, why?

Yes agree with the proposal.

Question 3 – Transition

The proposed change would be required to be applied retrospectively with early adoption permitted.

Is the requirement to apply the proposed change retrospectively appropriate?
If not, what do you propose and why?

Yes agree with the proposal.

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