



## **International Association of Consultants, Valuators and Analysts**

707 Eglinton Avenue West, Suite 501  
Toronto, Ontario M5N 1C8, Canada

2 September 2009

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Ladies and Gentlemen

This letter of comment is submitted on behalf of the International Association of Consultants, Valuators and Analysts (IACVA), a knowledge transfer and credentialing organization with Charters in China, Germany, Ghana, Middle East, South Korea, Taiwan and the United States, representing nearly 8,000 members involved in business valuation and fraud deterrence.

Our members are extremely concerned with the development of International Financial Reporting Standards (IFRS), as well as Generally Accepted Accounting Principles in the United States (GAAP), especially that the convergence seems to be for IFRS to move towards GAAP rather than for them to correct its many deficiencies.

With respect to the “Classification of Rights Issues” Proposed amendment to IAS 32, our comments are as follows:

Question 1     Specifying the characteristics of the rights issue.

We do not concur with IASB that the amendment should be limited to rights offered pro-rata for all existing owners of the same class of equity interests. In our view it should apply to all types of rights including those that may be issued to holders of options, warrants and convertible instruments. In other words, the phrase beginning “if the entity ...” should be deleted and the added text of the determination in clause 11 (b) (ii) should read merely “For this purpose, rights to acquire a fixed number of the entity’s own equity interests for a fixed amount of

any currency are equity interests.” This is not only simple, but reflects financial reality.

Question 2     Specifying the Currency of the exercise price

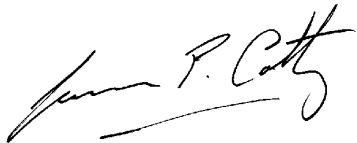
The currency of the exercise price is in our view should be irrelevant with respect to the accounting, therefore we agreed with the board’s decision.

Question 3     Transition

We agreed that the proposed changes should be applied retrospectively as any other treatment does not reflect economic reality.

Should you wish to discuss this matter further, a member of your staff may contact the writer in Toronto, at 011-1-416-865-9766.

Yours very truly,

A handwritten signature in black ink, appearing to read "James P. Catty". The signature is fluid and cursive, with a horizontal line underneath the name.

James P. Catty, MA, CA•CBV, CPA/ABV, CVA, CFA, CFE  
Chair