

March 20, 2002



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

Dear Sir David:

The International Organisation of Securities Commissions (IOSCO) Standing Committee No. 1 on Multinational Disclosure and Accounting (the Standing Committee) has considered the Exposure Draft of a Proposed Preface to International Financial Reporting Standards (the ED). We have the following comments.

Use of typeface

The Standing Committee supports the principle outlined in paragraph 14 of the ED that all text in standards has equal authority. While it can be argued that the practice of highlighting principles in bold type had some value in making the standards easier to read and understand, we are aware of the continued controversies that arose concerning the different formatting. As the Board does away with different lettering, we urge the IASB to consider other alternatives for presenting the information in standards to enhance consistent interpretation and application.

Objectives of the IASB

We note that the objectives of the IASB outlined in paragraph 6 of the ED differ in one area from the objectives in the JASC Constitution. Objective (c) has been amended to add the phrase "to work actively with national standard setters..." The Standing Committee fully supports the work that the IASB is doing to work with national standard setters, but this is the means by which the objective of convergence is to be achieved rather than an objective in itself. We believe that it is important for the IASB's objectives to be presented consistently, and that paragraph 6 of the ED should be amended.

Scope of IFRSs

The Standing Committee is primarily concerned with the use of IFRSs by listed companies, but we also support the proposal that they should be applied by all profit-oriented entities in which there is a significant public interest. We therefore support the clarification in paragraph 9 that IFRS are designed to cover mutual insurance companies and other profit oriented entities.

Materiality

Paragraph 18 of the draft Preface states clearly that IFRS need not be applied to immaterial items, but does not provide any further guidance or explanation. There is some discussion of the issue in the Framework, but this does not provide much guidance. We would urge the Board to revisit the limited guidance that is in the Framework, and consider producing more detailed coverage as a matter of priority. This could take into account the guidance that has been produced by regulators or standard setters in a number of jurisdictions.

Language

As IFRSs are used more widely and translated into more languages, it will be increasingly important to have a formal point of reference regarding disputes of language, translation and interpretation. We therefore support the clarification on paragraph 24 of the ED that the approved text of IASB publications will be the English language version.

We welcome this opportunity to provide our comments, and will be pleased to provide further information as needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'John M. Morrissey', with a long, sweeping horizontal line extending to the right.

John M. Morrissey
Chairman
IOSCO Standing Committee No. 1