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In reply please quote this ref. INS/TEC/13/11/ Pt XIII

18 June 2013

來函檔號 Your ref.

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Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

(Attn: Mr Simon Riley, Director,
Standard Setting Department)

Dear Mr Riley,

**Invitation to Comment on IASB Consultation Documents issued by
International Accounting Standards Board ("IASB") on
(i) Financial Instruments: Expected Credit Losses ("ED (1)")
(ii) Defined Benefit Plans: Employee Contributions -
(Proposed Amendments to IAS 19)
(iii) Regulatory Deferral Accounts**

I refer to your letter of 13 May 2013 inviting us to comment on the captioned exposure drafts ("EDs").

We have carefully studied ED (1) and have the following comments on the questions set out in the discussion paper:

- (a) For question 5, we would welcome if IASB produces more implementation guidance on deriving the "probability of default". This will ensure more consistent application and comparability of financial results across different entities.
- (b) For question 13, the implementation of the proposed measures in ED (1) will possibly have an impact on entities' capital and solvency position. We noted that IASB plans to undertake fieldwork during the comment period to obtain the likely effects of the proposed measures. We would be grateful if IASB would keep stakeholders informed of the findings and results of this fieldwork exercise.

Apart from the above, we do not have comments on other questions.

For the remaining two IASB consultation documents mentioned in your letter, we are still assessing the impacts on the insurance industry and regulatory framework. We would give our comments in due course.

Thank you for giving us the opportunity to comment on the EDs.

Yours sincerely,



(Tony Chan)

for Commissioner of Insurance