



30 August 2003

**To: HKSA members
Finance Directors of listed companies
All other interested parties**

**INTERNATIONAL ACCOUNTING STANDARDS BOARD EXPOSURE DRAFT:
"PROPOSED AMENDMENTS TO IAS 39 *FINANCIAL INSTRUMENTS: RECOGNITION AND
MEASUREMENT* – FAIR VALUE HEDGE ACCOUNTING FOR A PORTFOLIO HEDGE OF
INTEREST RATE RISK"**

The International Accounting Standards Board (IASB) has issued an exposure draft of proposed amendments to IAS 39 *Financial Instruments: Recognition and Measurement*.

A copy of the IASB's press release and exposure draft has been posted on the Hong Kong Society of Accountants (HKSA) web site at: <http://www.hksa.org.hk/professionaltechnical/accounting/exposedraft>. The IASB's press release and exposure draft can also be found on-line at: <http://www.iasb.org.uk>.

The HKSA Financial Accounting Standards Committee (FASC) invites comments from any interested party and would like to hear from both those who do agree and those who do not agree with the proposals contained in the exposure draft. Comments should be supported by specific reasoning and should preferably be submitted in written form.

On 10 July 2002 the FASC issued an invitation to comment on the IASB's proposed improvements to the financial instruments accounting standards. A copy of that invitation to comment, and the IASB's exposure draft, can be accessed on the HKSA website at: <http://www.hksa.org.hk/professionaltechnical/accounting/exposedraft/finanacialinstruments.pdf>. As of the date this invitation to comment is issued, the IASB has yet to finalise the revision to IAS 39 following from the exposure draft released for comment in 2002. The ED to which this invitation to comment relates should be read in the context of the IASB's ED issued in 2002.

Following from the IASB's final approved changes to IAS 39, the FASC intends to recommend the adoption of similar changes so that the Hong Kong Financial Reporting Standards maintain conformity with the IASB's standards. The FASC will not issue a specific Hong Kong exposure draft on the matters covered in the IASB exposure draft unless any changes made by the IASB to the exposure draft are so significant as to warrant, in the opinion of the FASC, seeking further comment.

To allow your comments on the exposure draft to be considered and included in our response to the IASB, the FASC requests your comments on the accompanying exposure draft on or before **31 October 2003**. Comments may be e-mailed to: commentletters@hksa.org.hk, but may also be mailed or faxed to:

Deputy Director (Accounting)
Hong Kong Society of Accountants
4th floor Tower Two, Lippo Centre
89 Queensway, Hong Kong

Fax number: (+ 852) 2865 6776

Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.