



Our Ref.: C/EPB

By Fax (2878 1661) and By Post

6 March 2007

Mr. Simon Topping
Executive Director (Banking Policy)
Hong Kong Monetary Authority
55th Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Dear Simon,

**[Consultation on Supervisory Policy Manual \(SPM\)
CA-D-1 "Guideline on the Application of the Banking \(Disclosure\) Rules"](#)**

Thank you for your letter dated 5 February 2007 inviting the Institute to comment on the draft SPM CA-D-1.

We are pleased to note that the Institute's comments on the draft Banking (Disclosure) Rules have substantially been addressed in either the final Banking (Disclosure) Rules (DRs) or the draft SPM. We therefore have no further comments on the draft SPM.

In this connection, we would like to draw your attention to an Exposure Draft of proposed Amendments to IAS 24 *Related Party Disclosures—State-controlled Entities and the Definition of a Related Party* recently issued by the International Accounting Standards Board (IASB). The proposed amendments seek to reduce the disclosure requirements in IAS 24 for some entities that are related only because they are each state-controlled or significantly influenced by the state and clarify inconsistencies in the existing definition of a related party. The Institute will issue an Invitation to Comment on the IASB Exposure Draft in Hong Kong and, as part of the Institute's International Convergence Program, expects to adopt the proposed amendments as amendments to HKAS 24 *Related Party Disclosures* upon their finalisation by the IASB. The proposed amendments will have an impact on the DRs since, according to section 15.7 of the draft SPM, "related party" as defined in the DRs is intended to have the same scope of application as the same term contained in HKAS 24.

I look forward to our continuing cooperation in the future.

If you have any questions on the above, please do not hesitate to contact me (Tel: 2287 7247 or email: patricia@hkicpa.org.hk).

Yours sincerely,

Patricia McBride
Executive Director

PM/EC/al