



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Our Ref.: C/FRSC

By e-mail and by post

31 May 2005

The International Financial Reporting Interpretations Committee,
International Accounting Standards Board,
30 Cannon Street,
London EC4M 6XH,
United Kingdom.

Dear Sirs,

[D15 Comment Letter](#)

The Hong Kong Institute of CPAs welcomes the opportunity to provide you with our comments on the Draft Interpretation D15.

We are generally supportive of the treatments proposed in the Draft Interpretation after considering the recognition and measurement issues that would arise in allowing subsequent reassessment of embedded derivatives (BC 8 of the Basis for Conclusions) and the fact that allowing optional reassessment of embedded derivatives would result in inconsistency in practice. However, given that both IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 1 *First-time Adoption of International Financial Reporting Standards* are silent on the issue addressed in this Interpretation, we do not consider it is principally correct to give guidance on the issue in an Interpretation. Accordingly, we would suggest the International Accounting Standards Board to consider incorporating the proposed guidance in this Interpretation into IAS 39 and IFRS 1 during their next review of those Standards. However, in the interim, we would support the issue of the Interpretation as a quick fix in order to avoid divergent practices developing.

If you have any questions on our comments, please do not hesitate to contact the undersigned at schan@hkiipa.org.hk.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Stephen Chan', with a long, wavy horizontal line extending to the right.

Stephen Chan
Executive Director

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