



27 September 2007

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF PROPOSED
AMENDMENTS TO IAS 39 *FINANCIAL INSTRUMENTS: RECOGNITION
AND MEASUREMENT — EXPOSURES QUALIFYING FOR HEDGE
ACCOUNTING***

Comments to be received by 3 December 2007

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the Exposure Draft which has been posted on the Institute's website at:

www.hkicpa.org.hk/professionaltechnical/accounting/exposedraft/content.php.

The Exposure Draft limits what can be designated as a hedged item in a hedge accounting relationship. It specifies the risks that qualify for designation as hedged risks when an entity hedges its exposure to a financial instrument. It also restricts when an entity can designate a portion of the cash flows of a financial instrument as a hedged item.

In accordance with the Institute's Convergence Due Process, comments are invited from any interested party and the FRSC 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 be submitted in written form.

To allow your comments on the IASB Exposure Draft to be considered, they are requested to be received by the Institute on or before **3 December 2007**.

Comments may be sent by mail, fax or e-mail to

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