



3 April 2013

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

INVITATION TO COMMENT ON IASB REQUEST FOR INFORMATION RATE REGULATION

Comments to be received by 2 May 2013

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking feedback on the IASB Request for Information which has been posted on the Institute's website at:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/FinancialReporting/ed-pdf-2013/ed_rate.pdf

As stated in the IASB's press release, accompanying the Request for Information, the objective of the Request for Information is to identify a range of rate-regulatory schemes to help determine the scope of the IASB's research project on this topic.

In July 2009 the IASB published the Exposure Draft Rate-regulated Activities (the '2009 ED'), which focused on a particular type of rate-regulatory scheme (a cost-of-service scheme). Respondents to the 2009 ED expressed divergent views as to how the consequences of rate regulation should be reflected in financial statements, if at all. Many suggested that the scope of the project should be expanded to look at a wider variety of rate regulation in order to identify common characteristics from which accounting guidance might be developed.

The original Rate-regulated Activities project was suspended in September 2010 but has now been re-commenced. The Request for Information asks specific questions about the objectives of rate regulation and how those objectives are reflected in the rate-setting mechanisms employed by rate regulators. The fact patterns identified through this Request for Information and other research will be used to develop a Discussion Paper that will analyse the common features of rate regulation. The aim of the Discussion Paper is to identify what information about the consequences of rate regulation would be most useful for users of IFRS financial statements and whether the IASB should develop specific guidance for accounting for those consequences.

The FRSC invites your feedback on the Request for Information which should be submitted in written form. To allow your feedback to be considered, in developing its response to the IASB, the FRSC requests your response to be received by the Institute on or before **2 May 2013**.

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.