



Banking Policy Department

Our Ref. : B1/7C

6 September 2002

By fax and by post
Fax no. 2865-6776

Mr Simon Riley
Deputy Director, Accounting
Hong Kong Society of Accountants
4th Floor, Tower Two
Lippo Centre
89 Queensway
Hong Kong.

Dear Simon,

Exposure Draft:
Proposed Improvements to International Accounting Standards

I refer to the Society's invitation to comment dated 5 June 2002 on the above exposure draft.

As we understand, the HKSA Financial Accounting Standards Committee will be considering proposed revisions of SSAP 13 and SSAP 14 to achieve full convergence with the respective international accounting standards. This will have potentially significant repercussions on the financial accounts of not only many corporates but also on banks and possibly their capital positions. We therefore consider that a careful assessment of the impact should be carried out before the finalization of the respective Hong Kong specific exposure drafts. To this extent, the HKMA would appreciate an early dialogue with the HKSA in order to allow us time to assess possible impact on the banking sector.

We have no other comment on the exposure draft.

Yours sincerely,

Michelle Quek
Head, Banking Policy