



24 February 2006

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

**INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) EXPOSURE
DRAFT OF PROPOSED AMENDMENTS TO IFRS 2 *SHARE-BASED
PAYMENT – VESTING CONDITIONS AND CANCELLATIONS***

The International Accounting Standards Board (IASB) has issued an exposure draft (ED) of Proposed Amendments to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* for consultation.

The IASB's Exposure Draft and the related press release have been posted on the website of the Hong Kong Institute of CPAs (Institute) at www.hkicpa.org.hk/professionaltechnical/accounting/exposuredraft/content.php which can also be found on-line at: www.iasb.org.

The proposed amendment deals with two matters. It proposes that vesting conditions should be restricted to service conditions and performance conditions. Vesting conditions are the conditions that an individual or an organisation must satisfy to receive an entity's shares under a share-based payment arrangement. The amendment also proposes that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

The Institute's Financial Reporting Standards Committee (FRSC) invites comments on the IASB Exposure Draft from any interested party and would like to hear from both those who do agree and those who do not agree with the proposals contained in it. Comments should be supported by specific reasoning and should preferably be submitted in written form.

To allow your comments on the IASB Exposure Draft to be considered and included in the Institute's responses to the IASB, comments are invited by **19 May 2006**.

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.