

30 May 2006



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Dear Jenny

Exposure Draft - Proposed Amendments to IFRS 2 *Share-Based Payment*: Vesting Conditions and Cancellations

Thank you for the opportunity to comment on Exposure Draft Proposed Amendments to IFRS 2 *Share-Based Payment*: Vesting Conditions and Cancellations.

Our comments have been prepared in consultation with members through our Asia-Pacific Financial Reporting Advisory Group (APFRAG), which is a Board Committee representing a regional perspective from South-East Asia, Oceania and our Financial Reporting and Governance Centre of Excellence.

The Basis for Conclusions paragraph BC20 comments that SFAS 123 *Share-based Payment* restricts vesting conditions to service conditions and performance conditions, and that all cancellations receive the same accounting treatment. CPA Australia is not aware of a conceptually superior basis of accounting for these issues that would warrant divergence from the SFAS. Accordingly, we agree with the proposals:

- vesting conditions are either service conditions or performance conditions. No other features should be considered vesting conditions; and
- each category of cancellation should receive the same accounting treatment.

CPA Australia considers that for these two issues the IASB's proposed technical correction policy (now abandoned) would have provided a more efficient mechanism to amend IFRS 2. We recommend that the IASB revisit its decision not to proceed with the proposed policy.

Should you have any queries on our comments, please contact Dr Mark Shying, CPA Australia's Financial Reporting and Governance Senior Policy Adviser, at mark.shying@cpaustralia.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'GR', with a small dot above the 'i'.

Geoff Rankin FCPA
Chief Executive Officer

cc: D Boymal
M Shying