



**Australian Government**

**Australian Accounting  
Standards Board**

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31 May 2006

Ms Jenny Lee  
Project Manager  
IFRS 2 Amendment  
International Accounting Standards Board  
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London EC4M 6XH  
United Kingdom

Email: [CommentLetters@IASB.org](mailto:CommentLetters@IASB.org)

Dear Jenny

**Amendments to IFRS 2 *Share-based Payment* – Vesting Conditions and Cancellations**

The Australian Accounting Standards Board (AASB) is pleased to submit its comments regarding the ED of Proposed Amendments to IFRS 2 *Share-based Payment* – Vesting Conditions and Cancellations.

The AASB sought the views of Australian constituents and has considered the constituent responses received in formulating its comments.

The AASB agrees with the proposed amendments in the above Exposure Draft. Specifically, we agree that vesting conditions should be restricted to service and performance conditions as these conditions help ensure that the counterparty provides the services required to pay for the equity instruments.

We also agree that cancellations by parties other than the entity should have the same treatment as cancellations by the entity. We further agree that this will discourage structuring plans to achieve a desired accounting treatment.

The AASB considers that the effective date and transition are appropriate as there is sufficient warning for affected entities to prepare for the changes.

Yours sincerely

A handwritten signature in black ink that reads "David Boymal".

David Boymal  
Chairman – Australian Accounting Standards Board