


3 April 2006

Mr David Boymal 
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Dear David

**ED 146 Proposed amendments to AASB 2 Share-based Payment:
 Vesting Conditions and Cancellations**

The Group of 100 (G100) welcomes the opportunity to provide comments on the Exposure Draft. The G100 represents the interests of the CFOs of Australia's major business enterprises. Our responses to the questions raised are set out below.

Q1. *Vesting Conditions:* *The Exposure Draft proposes that vesting conditions should be restricted to performance conditions and service conditions. Do you agree? If not, what changes do you propose, and why?*

The G100 agrees with the proposals and supports the proposed amendment to the definition in IFRS 2 Appendix A to clarify that vesting conditions relate to performance and service conditions.

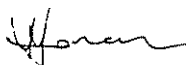
Q2. *Cancellations:* *The Exposure Draft proposes that cancellations by parties other than the entity should be accounted for in the same way as cancellations by the entity. Do you agree that all cancellations should be treated in the same way? If not, please specify the nature of any differences between types of cancellations and explain how they influence the selection of appropriate accounting requirements.*

Yes. The G100 supports this approach on the basis that it is consistent with the requirements of SFAS 123 'Accounting for Stock-based Compensation' where all cancellations are subject to the same requirements. In the context of the IASB/FASB Convergence Project it would be counterproductive to create a further difference which would subsequently need to be revisited.

Q3. *Effective date and transition:* *The proposed changes would apply to periods beginning on or after 1 January 2007 and would be required to be applied retrospectively. Earlier application would be encouraged.*

The G100 agrees with the proposals.

Yours sincerely



Tom Honan
 National President

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