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Organización Internacional de Comisiones de Valores  
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Organização Internacional das Comissões de Valore

**March 22, 2012**

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Our Ref: **2012/JE/TCSC1/IASB/19**

**RE: Exposure Draft Transition Guidance Proposed amendments to IFRS 10**

Dear IASB Members:

The International Organization of Securities Commissions (IOSCO) Standing Committee No. 1 on Multinational Disclosure and Accounting (Standing Committee No. 1) thanks you for the opportunity to provide our comments regarding the International Accounting Standards Board's (IASB or the Board) *Exposure Draft: Transition Guidance Proposed amendments to IFRS 10*.

IOSCO is committed to promoting the integrity of international markets through promotion of high quality accounting standards, including rigorous application and enforcement. Members of Standing Committee No. 1 seek to further IOSCO's mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. The comments we have provided herein reflect a general consensus among the members of Standing Committee No. 1. They are not intended to include all of the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

**General Comments and Observations:**

We are supportive of the Board's efforts to clarify initial transition guidance for IFRS 10. We believe the Board should use consistent language for future standards and provide adequate explanations within the transition guidance as we feel this is essential to help provide a consistent understanding and initial application of newly issued standards across multiple jurisdictions which apply IFRS.

**Question 1:**

The Board proposes to clarify the 'date of initial application' in IFRS 10. The date of initial application for IFRS 10 would be 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The Board also proposes to make editorial amendments to paragraphs C4 and C5 of IFRS 10 to clarify how an investor shall adjust comparative period(s) retrospectively if the consolidation conclusion reached at the date of initial application is different under IAS 27/SIC-12 and IFRS 10. Do you agree with the amendments proposed? Why or why not? If not, what alternative do you propose?

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**Response**

While we believe the proposed transition language is an improvement, sensitivity around the clear meaning of “the beginning of the annual reporting period in which this IFRS is applied for the first time”, may still remain. For instance, it is still unclear whether or not “the first time” is referring to the earliest comparative period presented or the required adoption date of January 1, 2013 or the date early adoption is elected, as applicable. We believe the meaning of “first time” is referring to January 1, 2013 or the date early adoption is elected, as applicable. Given the transition guidance is somewhat more involved and is being applied across multiple jurisdictions, we recommend this be clarified and an example be added to the transition guidance to provide further clarity of the transition language. An example to further illustrate the intended meaning of the transition guidance could be added as follows: “For example, the date of initial application for a company presenting financial statements as of and for the periods ended 31 December 2013 and 2012, in which early adoption is elected as of 1 January 2012, is 1 January 2012.”

We note that paragraph C4 states that “any difference between: 1) the amount of assets, liabilities and non-controlling interests recognised; and 2) the previous carrying amount of the investor’s involvement with the investee, shall be recognised as an adjustment to retained earnings at the beginning of the earliest comparative period presented or, if later, on the date when control was obtained.” Similar language is included in paragraph C5. It is unclear whether or not gains and losses that arise when control of an entity is obtained (or lost) after the beginning of the earliest comparative period presented would be recorded as an adjustment to retained earnings or recognized through the statement of profit and loss. For example, if a reporting entity adopts IFRS 10 on January 1, 2013, provides comparative statements for 2012, and has an investee over which it obtained control on June 30, 2012 (and didn’t previously consolidate that investee under IAS 27 or SIC 12), the proposed guidance could be read to require the reporting entity to adjust retained earnings on June 30, 2012, rather than recording amounts in the statement of profit and loss to account for the consolidation of the investee. We recommend the Board clarify whether or not gains and losses that arise when control of an entity is obtained or lost after the beginning of the earliest comparative period be presented as an adjustment to retained earnings or presented in the statement of profit and loss. We believe when control of an entity is obtained or lost after the beginning of the earliest comparative period presented when applying IFRS 10 for the first time, it would be appropriate for any associated gain or loss to be recognized in the statement of profit and loss, as opposed to an adjustment to beginning retained earnings, to be consistent with the consolidation and loss of control guidance in IFRS 10 had the requirements of IFRS 10 always been applied. Additionally, the Board’s intent could be clarified through a brief narrative example.

**Question 2:**

The Board proposes to amend paragraph C3 of IFRS 10 to clarify that an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same under IAS 27/SIC-12 and IFRS 10. As a result, the Board confirms that relief from retrospective application of IFRS 10 would apply to an investor’s interests in investees that were disposed of during a comparative period such that consolidation would not occur under either IAS 27/SIC-12 or IFRS 10 at the date of initial application. Do you agree with the amendments proposed? Why or why not? If not, what alternative do you propose?

**Response**

We generally agree with the Board, as a practical matter, to provide relief from recording adjustments to previous periods for issuers with entities in which the consolidation conclusion would have been the same under IAS 27 / SIC 12 and IFRS 10 at the date of initial application.

Other Comments:

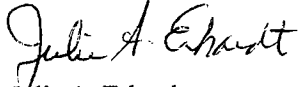
We noted that in paragraph C5A the Board is proposing to remove the reference to providing comparative information and disclosures in accordance with IAS 8. While we presume this was done because such a statement appears unnecessary given IAS 8 is required to be applied upon adoption of a new standard, it may be helpful to mention within the Basis for Conclusions the reason for the removal.

\* \* \* \*

March 22, 2012

We appreciate your thoughtful consideration of the comments raised in this letter. If you have any questions or need additional information on the recommendations and comments that we have provided, please do not hesitate to contact me at 202-551-5300.

Sincerely,

A handwritten signature in cursive script that reads "Julie A. Erhardt".

Julie A. Erhardt

Chairman

IOSCO Standing Committee No. 1