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

May 19, 2008

Mr. Robert Garnett  
Chairman of IFRIC  
D23 Comment Letters  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

**RE: IFRIC Draft Interpretation D23 *Distributions of Non-cash Assets to Owners***

Dear Mr. Garnett:

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 Financial Reporting Interpretations Committee (the IFRIC) Draft Interpretation D23 *Distributions of Non-cash Assets to Owners* (the Draft Interpretation). 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 and are not intended to include all of the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

Members of Standing Committee No. 1 support the IFRIC providing guidance on how an entity should measure distributions of non-cash assets to its owners. We believe the Draft Interpretation will provide useful guidance and reduce diversity in practice. With respect to the specific questions raised in the Invitation to Comment, our responses are as follows.

**Question 1 – Specifying how an entity should measure a liability for a dividend payable**

We agree with the proposal that an entity should measure a liability to distribute non-cash assets to its owners in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. We believe that IAS 37 provides a good measurement basis and provides for consistency in measurement.

Calle Oquendo 12  
28006 Madrid  
ESPAÑA  
Tel.: (34.91) 417.55.49 • Fax: (34.91)  
555.93.68  
mail@oicv.iosco.org • www.iosco.org

**Question 2 – Specifying how any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable should be accounted for when an entity settles the dividend payable**

We have differing views on how the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable should be treated. Those members who agree with the proposal in the Draft Interpretation believe the difference represents the cumulative gain or loss associated with the asset to be distributed, similar to other assets that are disposed of or otherwise derecognized. Those members agree with the rationale provided in the Basis for Conclusions. Other members believe that amounts related to transactions with equity holders acting in their capacity as equity holders should be recognized in equity in accordance with IAS 1 *Presentation of Financial Statements*. Those members believe that distributions to equity holders are very different from other disposals of assets resulting from exchange transactions with third parties. While the members of Standing Committee No. 1 had strong views for both approaches, we nonetheless believe that issuing a final Interpretation will be an improvement in financial reporting by reducing diversity in practice.

**Question 3 – Whether an entity should apply the requirements in IFRS 5 to non-current assets held for distribution to owners**

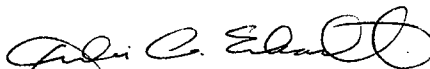
We agree that the requirements in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* should be applied to non-current assets held for distribution to owners, and we recommend that the International Accounting Standards Board amend IFRS 5 to include non-current assets held for distribution to owners concurrently with the issuance of a final Interpretation and with the same effective date. We believe that IFRS 5 provides relevant information to users that the assets will not be recovered principally through continuing use.

If the same requirements for assets held for sale were used, IFRS 5 would apply when the appropriate level of management is committed to make a distribution and the distribution is highly probable. This date may be different than the date an entity is obligated to make the distribution. For example, in certain jurisdictions, an entity may not have an obligation to distribute assets until shareholders approve the distribution, which may be later than the date the appropriate level of management becomes committed to make the distribution. Additionally, while the indicators to classify non-current assets as assets held for sale may differ (e.g., initiation of an active program to locate a buyer), some of the processes may be similar (e.g., obtaining a valuation of the assets, expression of the entity's intent) and using the same general requirements as assets held for sale would provide for consistent principles whenever assets will not be recovered principally through continuing use. On the other hand, using the date an entity is obligated to make the distribution may be simpler to apply since it may be less difficult to determine when an obligation is incurred than to determine when the appropriate level of management is committed. This approach would also provide for symmetry in the timing of when the dividend payable is recognized and when the assets to be distributed are classified in accordance with IFRS 5.

Finally, we recommend that the IFRIC consider clarifying whether assets held for distribution should be measured at the lower of carrying amount or fair value less "costs to sell." Since an entity will not incur any costs to sell the assets, we suggest that assets held for distribution be measured at the lower of carrying amount or fair value less "costs to distribute."

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 black ink, appearing to read "Julie A. Erhardt". The signature is fluid and cursive, with a large loop at the end.

Julie A. Erhardt  
Chair

IOSCO Standing Committee No. 1