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April 1, 2011

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

Ref: 2011/JE/TCSC1/IASB/46

Re: Exposure Draft: Hedge Accounting

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 (IASB or the Board) Exposure Draft: Hedge Accounting (the Exposure Draft).

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 (SC1) seek to further IOSCO's mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. Except where indicated, the comments we have provided herein reflect a general consensus among the members of SC1 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.

General Observations

SC1 supports the IASB's efforts to improve the existing hedge accounting model, including reducing complexity that exists in the current model. While most members are generally supportive of the direction the Board has taken toward an improved hedge accounting model, we are uncertain how several aspects of the proposed model are expected to function in practice and in relation to each other, as explained in further detail in our responses to the Board's questions, below. We also encourage the Board to further develop guidance in striking the appropriate balance between developing principles for hedge accounting and ensuring that the standard provides guidance appropriate for its enforceability. This will help enhance the comparability and reliability of financial reporting.

The Board decided to continue to discuss proposals for open portfolios or "macro hedging" rather than to address them as part of this ED. Therefore, our comments as contained in this letter may be subject to revision when the Board's efforts related to open portfolios are complete. We are also uncertain as to the distinction between the groups of items designated as the hedging item that the Board intended to be addressed by this ED as compared to open portfolios. For example, the rebalancing guidance in this ED indicates that the hedged item can be increased or decreased, which is

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not consistent with what some members would consider to be a closed group. Because of uncertainty regarding the boundaries of this ED and because the Board has not completed deliberations on open portfolios, our comments herein request clarification of the Board's intent for the boundary of the model proposed in this ED. We look forward to the Board's deliberations related to hedging open portfolios and the Board's re-deliberations of this ED.

Because information about hedging activities and derivative instruments is useful information from the perspective of understanding an entity's risk exposures, regardless of whether hedge accounting is applied, we encourage the Board to consider if the scope of the proposed disclosures should include information about such "economic" hedging and about derivative instruments which are not in hedging relationships.

Responses to Questions in the ED:

Question 1

Do you agree with the proposed objective of hedge accounting? Why or why not? If not, what changes do you recommend and why?

Question 2

Do you agree that a non-derivative financial asset (liability) measured at fair value through profit or loss should be eligible as a hedging instrument? Why or why not? If not, what changes do you recommend and why?

Most SC1 members are supportive of an objective that includes reporting of risk management activities beyond those involving derivative instruments because those activities are part of an entity's operations. However, some members believe that the purpose of hedge accounting is primarily to mitigate the measurement mismatch that may occur between the accounting for derivatives and accounting for hedged items and, therefore, that the instruments eligible as hedging instruments should be limited to derivative instruments (except when hedging foreign currency risk). All members, however, are uncertain as to the types of relationships involving non-derivative instruments that the Board intended would qualify as hedging relationships, because the ED indicates in paragraph BC36 that since hedging instruments themselves cannot generally be componentised, "...in most scenarios, hedging relationships will not achieve other than accidental offsetting and therefore will fail the qualifying criteria for hedge accounting..." This seems to indicate that the Board does not intend for significant use of non-derivative financial instruments as hedging instruments. We have generally not observed a significant need for the use of non-derivative instruments as hedging instruments. Therefore, we encourage the Board to provide additional explanation of the types of hedging relationships that were intended to qualify for hedge accounting using non-derivatives.

Some members do not believe the use of financial instruments as hedging instruments should be limited to those measured at fair value through profit or loss and encourage the Board to provide

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additional explanation for this limitation. Part of the Board's rationale for this limitation as presented in paragraphs BC26 and BC39 relates to a potential contradiction of the classification and measurement principles in IFRS 9. Some members observe that the ED's model generally provides for instruments to be reflected at measurements other than those in IFRS 9 and, thus, believe that the rationale provided in the basis for conclusions does not provide adequate explanation.

Question 3

Do you agree that an aggregated exposure that is a combination of another exposure and a derivative may be designated as a hedged item? Why or why not? If not, what changes do you recommend and why?

We believe that designation of an aggregated exposure may introduce complexity in determining the unit of account, both for hedge accounting and for other accounting purposes. The example provided in paragraph B9 is the identification of a 10-year fixed-rate foreign currency debt combined with a 10-year fixed-to-floating cross-currency interest rate swap as an aggregated exposure that is viewed as a domestic 10-year variable rate debt for risk management purposes, and is hedged with a two-year domestic interest rate swap. In this example, some questions would include the following:

- Is the debt deemed for accounting purposes to be the synthetic instrument, or is it deemed to be the hedged item in a hedging relationship with the cross-currency swap? If it is deemed to be the synthetic instrument, would this result in the derivative instrument being recognised at a measurement *other than* its fair value? Also, would it provide for either synthetic hedging with no measurement of ineffectiveness or offsetting between the debt instrument and derivative when the criteria for offsetting are not otherwise met?
- If the risk being hedged by the two-year interest rate swap would be the variable rate from the cross-currency interest rate swap, how would counterparty credit risk related to the cross-currency swap be allocated to the ineffectiveness measurement?
- If the debt instrument that forms part of the aggregated exposure is an asset held for contractual cash flows (i.e., carried at amortised cost), how is the unit of account defined for purposes of impairment assessment?

If the Board decides to permit designation of aggregated exposures as hedged items, we encourage the Board to provide additional operational guidance. Additionally, to the extent such additional guidance might result in an inconsistency with other aspects of either the accounting for derivative instruments and hedging activities or accounting under other standards (such as offsetting of financial assets and liabilities), we encourage the Board to explain its rationale for such inconsistencies.

Question 4

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Do you agree that an entity should be allowed to designate as a hedged item in a hedging relationship changes in the cash flows or fair value of an item attributable to a specific risk or risks (ie a risk component), provided that the risk component is separately identifiable and reliably measurable? Why or why not? If not, what changes do you recommend and why?

Most members are supportive of permitting risk componentisation for non-financial items as well as for financial items, provided the risk component is separately identifiable and reliably measurable. Members that are not supportive of permitting risk componentisation for non-financial items do not believe risk components of non-financial items can be isolated and measured in a way that will result in the financial statements reflecting the extent of ineffectiveness arising from such risk management activities.

To enhance comparability and consistency of application, we encourage the Board to further clarify the principle in distinguishing between risk components that either do or do not meet the conditions of "separately identifiable and reliably measurable." Based on the examples provided in the ED, we could not understand how some risk components were concluded to meet these conditions but others were not. Paragraph B15(b) provides an example that jet fuel may be componentised and hedged by crude oil contracts or by gas oil derivatives. Paragraph B18 states that inflation risk cannot be designated as a risk component of a financial instrument unless it is both contractually specified and other cash flows of the instrument are not affected by the inflation component. Additionally, paragraph B220 indicates that it is operationally difficult (if not impossible) to isolate and measure the change in fair value that is attributable solely to credit risk from a financial instrument, implying that it would not meet the conditions. The ED does not make clear what distinguishes each of these examples from the others. For example, the inflation risk and credit risk examples may imply that the Board expected a complete lack of interdependence between the risk component and other aspects of the arrangement in order for the conditions to be met, which may also be inferred from the Board's decision regarding the designation of a layer component with a prepayment option (see Question 5 below). However, the concept of lacking interdependency was not demonstrated in the jet fuel example. If the Board believes that interdependence would either cause a risk to not meet the conditions for risk componentisation or that the extent of interdependence between a componentised risk and other risks should be captured for purposes of measuring ineffectiveness, we encourage the Board to explain directly how interdependence should be considered.

We question the need for an explicit prohibition against designating inflation risk as a risk component of a financial instrument unless it is both contractually specified and other cash flows of the instrument are not affected by the inflation component. Rather, we believe it would be preferable that inflation risk be used as an example demonstrating when the "separately identifiable and reliably measurable" condition is or is not met.

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In addition to providing further clarification to the conditions for risk componentisation, we also encourage the Board to provide further explanation of its decision that all hedged items (not only risk components that are separately identifiable) must be reliably measurable, particularly in the context of the fair value hierarchy and whether assets or liabilities deemed Level 3 in the fair value hierarchy would be eligible as hedged items. While IAS 39 currently provides this condition for hedged items, we observe that it was established prior to the promulgation of the fair value hierarchy and, therefore, we encourage the Board to provide further explanation of the expected threshold.

Question 5

- (a) *Do you agree that an entity should be allowed to designate a layer of the nominal amount of an item as the hedged item? Why or why not? If not, what changes do you recommend and why?*
- (b) *Do you agree that a layer component of a contract that includes a prepayment option should not be eligible as a hedged item in a fair value hedge if the option's fair value is affected by changes in the hedged risk? Why or why not? If not, what changes do you recommend and why?*

We are supportive of designating layers of the nominal amount of an item as the hedged item. However, we encourage the Board to provide further explanation regarding the concept of designating the “bottom” layer of transactions. The standard requires a layer to be from a “defined, *but open*, population or from a defined nominal amount” [emphasis added]. We believe that designation of hedged items needs to require sufficient specificity that a circumstance is avoided in which a preparer would not know how to account for a transaction because it was not knowable – either at the date of the transaction or the date of preparing the financial statements – whether the transaction was a hedged item.

The premise that a layer component should not be an eligible hedged item in a fair value hedge if the option's fair value is affected by changes in the hedged risk, as well as the Board's explanation of this decision in paragraph BC69, implies that a lack of interdependence is required in order for a component to be a hedged item. It may also imply that prepayment risk is not separately identifiable and reliably measurable for purposes of risk componentisation, although explanation of why these conditions are not met is not provided. We encourage the Board to provide further explanation of why prepayment risk is not separately identifiable and reliably measurable for purposes of either componentisation as a risk exposure or for purposes of excluding it when designating layers as hedged items.

Question 6

Do you agree with the hedge effectiveness requirements as a qualifying criterion for hedge accounting? Why or why not? If not, what do you think the requirements should be?

We support removing the effectiveness threshold range of 80-125% for hedge accounting. While we are generally supportive of removing the requirement for a quantitative assessment of effectiveness,

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we encourage the Board to provide additional guidance in some areas to minimise the potential for diversity in practice:

- Members believe the Board intends the elements of the qualifying criterion in combination to require a rigorous process and threshold for effectiveness. The concepts of “an unbiased result and minimise hedge ineffectiveness” and “other than accidental offsetting” are new concepts and we believe that additional guidance on application would be useful in ensuring that they are applied as intended by the Board. For example, would *any* demonstrated economic relationship qualify as being “other than accidental”?
- While an example is provided of when a qualitative assessment *would* be acceptable, the critical terms match in that example, and we believe it would be useful for the Board to provide additional guidance or examples that would demonstrate its expectations regarding qualitative versus quantitative assessments in less simple examples.
- While the ongoing effectiveness assessment is required to be prospective only and is not required to be quantitative, we observe that preparers will be required to perform ongoing ineffectiveness measurements. We encourage the Board to provide guidance regarding how a preparer should consider retrospective ineffectiveness measurements when assessing effectiveness.

We also encourage the Board to consider adding a requirement to the hedge documentation elements and disclosures related to the expected effectiveness of the hedging relationship. In conjunction with our observations above and with our observations regarding the proposed rebalancing and hedge discontinuation provisions discussed in Questions 7 and 8 below, we believe that such a documentation and disclosure requirement would enhance objectivity and facilitate identification of the circumstances under which a hedging relationship has ceased to meet the hedge effectiveness objective and must be either rebalanced or discontinued; it would also limit the potential for inappropriate de-designation.

Question 7

- (a) Do you agree that if the hedging relationship fails to meet the objective of the hedge effectiveness assessment an entity should be required to rebalance the hedging relationship, provided that the risk management objective for a hedging relationship remains the same? Why or why not? If not, what changes do you recommend and why?
- (b) Do you agree that if an entity expects that a designated hedging relationship might fail to meet the objective of the hedge effectiveness assessment in the future, it may also proactively rebalance the hedge relationship? Why or why not? If not, what changes do you recommend and why?

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Question 8

- (a) *Do you agree that an entity should discontinue hedge accounting prospectively only when the hedging relationship (or part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing, if applicable)? Why or why not? If not, what changes do you recommend and why?*
- (b) *Do you agree that an entity should not be permitted to discontinue hedge accounting for a hedging relationship that still meets the risk management objective and strategy on the basis of which it qualified for hedge accounting and that continues to meet all other qualifying criteria? Why or why not? If not, what changes do you recommend and why?*

We are generally supportive of the concept of rebalancing of hedging relationships when the risk management objective remains the same. However, we encourage the Board to provide additional guidance in some areas to minimise the potential for diversity in practice in this area, particularly with regard to how these areas would function where the hedged item is a group of items:

- We encourage additional guidance regarding the distinction between when a hedging relationship has been rebalanced as compared to when the relationship has been terminated and a new relationship established, specifically indicators of the circumstances under which a hedging relationship no longer meets the risk management objective and strategy on the basis of which it qualified for hedge accounting. The rebalancing guidance provides that a relationship can be rebalanced by increasing or decreasing the hedging instrument, while the hedge discontinuation guidance indicates that a hedging relationship is discontinued if hedging instruments are sold, terminated or exercised.
- Because the objective of hedge effectiveness requires that expected ineffectiveness be minimised, we encourage additional guidance regarding the point at which a designated hedging relationship should or may be rebalanced in order to explain whether the Board expects the function of the rebalancing provisions to permit frequent rebalancing where it would minimise reported ineffectiveness.

We have generally not seen abuses in the area of voluntary de-designation and we observe that some circumstances in which de-designation has been used as part of an entity's risk management are in certain dynamic hedging strategies. We encourage the Board to clarify whether these types of strategies are expected to be possible strategies (for example, under the adjustment rebalancing guidance) or are intended to be precluded.

We also recommend that the Board require disclosure of an entity's adjustment rebalancing activities and how the entity determined whether the relationship should be rebalanced rather than discontinued,

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including – where relevant – how and why management determined that the risk management objective and strategy either did or did not change.

Question 9

- (a) *Do you agree that for a fair value hedge the gain or loss on the hedging instrument and the hedged item should be recognised in other comprehensive income with the ineffective portion of the gain or loss transferred to profit or loss? Why or why not? If not, what changes do you recommend and why?*
- (b) *Do you agree that the gain or loss on the hedged item attributable to the hedged risk should be presented as a separate line item in the statement of financial position? Why or why not? If not, what changes do you recommend and why?*
- (c) *Do you agree that linked presentation should not be allowed for fair value hedges? Why or why not? If you disagree, when do you think linked presentation should be allowed and how should it be presented?*

We support the Board’s objectives to increase transparency with regard to fair value hedging relationships and to reduce complexity in the financial statements. We are supportive of increasing transparency through presenting hedge accounting adjustments through a separate line item(s) in the statement of financial position with disclosure providing disaggregation of line item(s), but encourage field testing and/or outreach to users to determine whether the requirement that a separate hedge adjustment line item be provided next to the line item that includes the hedged asset or liability would increase complexity by including multiple additional line items on the statement of financial position.

We also encourage the Board to conduct outreach to users regarding whether they prefer gains or losses on the hedged item and from remeasuring the hedging instrument to be recognised in other comprehensive income, with the net amount reclassified as ineffectiveness in profit or loss, rather than providing more explicit disclosure in the notes about the gross amounts and location in the profit or loss.

We are supportive of the Board’s decision to not permit linked presentation for fair value hedges.

Question 10

- (a) *Do you agree that for transaction related hedged items, the change in FV of the option’s time value accumulated in OCI should be reclassified in accordance with the general requirements (eg like a basis adjustment if capitalised into a non-financial asset or into P&L when hedged sales affect profit or loss)? Why or why not? If not, what changes do you recommend and why?*
- (b) *Do you agree that for period related hedged items, the part of the aligned time value that relates to the current period should be transferred from AOCI to P&L on a rational basis? Why or why not? If not, what changes do you recommend and why?*
- (c) *Do you agree that the accounting for the time value of options should only apply to the extent that the time value relates to the hedged item (ie the ‘aligned time value’ determined using the valuation of an option that would have critical terms that perfectly matched the hedged item)? Why or why not? If not, what changes do you recommend and why?*

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We support the Board's efforts to address appropriate accounting for the time value of options. We encourage the Board to provide further explanation of the differentiation between whether hedged items are "transaction related" or "period related." For example, some members are uncertain as to whether an interest rate swap is to be viewed as hedging an item that is "transaction related" or "period related"; while interest rate swaps typically provide for periodic settlements over a period of time, each of the individual settlements would seem to be a transaction.

Question 11:

Do you agree with the criteria for the eligibility of groups of items as a hedged item? Why or why not? If not, what changes do you recommend and why?

Question 12:

Do you agree that for a hedge of a group of items with offsetting risk positions that affect different line items in the income statement (eg in a net position hedge), any hedging instrument gains or losses recognised in profit or loss should be presented in a separate line from those affected by the hedged items? Why or why not? If not, what changes do you recommend and why?

As indicated previously, we do not believe that there is a clear distinction between "open portfolios" that are not addressed by the ED as compared to groups that are. We encourage the Board to provide guidance regarding the level of specificity with which items in the groups must be identified to help differentiate between these concepts.

We observe that it may be possible for groups of items in fair value hedging relationships to affect profit or loss in different reporting periods. Thus, we did not understand the Board's rationale for including a condition only for cash flow hedges that any offsetting cash flows in the group of hedged items affect profit or loss in the same and only in that reporting period.

We also encourage the Board to provide guidance regarding the allocation of the hedge accounting adjustments to the individual unit of account within the group to provide comparability for purposes of applying other accounting standards.

We recommend the Board provide additional guidance and explanation regarding the identification of a nil net position and the risk being hedged in such a position, to ensure that synthetic hedge accounting or synthetic offsetting do not occur in practice.

We encourage the Board to solicit specific user feedback regarding the presentation in a single income statement line item for a hedge of a group of items with offsetting risk positions. While an allocation of the hedging effects to the gross revenue and expense line items does not seem to provide a conceptually better presentation, we observe that gross revenues are typically of particular importance to users. We also observe that a reporting entity may have multiple groups (e.g., one with offsetting

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risks, another without), which would result in mixed presentation in the profit or loss, which may cause results to appear inconsistent within an entity's profit or loss.

Question 13:

- (a) Do you agree with the proposed disclosure requirements? Why or why not? If not, what changes do you recommend and why?
- (b) What other disclosures do you believe would provide useful information (whether in addition to or instead of the proposed disclosures) and why?

Information about hedging activities, regardless of whether hedge accounting is applied, is useful information from the perspective of understanding an entity's risk exposures. Therefore, we encourage the Board to consider if the scope of the proposed disclosures should include qualitative and quantitative information about such "economic" hedging, including significant risk exposures and identification of the risks covered by the economic hedging. Similarly, where an entity's hedging activities could be recognized through hedge accounting but are not, some members believe disclosure of management's rationale for not applying hedge accounting, including an indication of the impact on the financial statements, may help investors to better understand management's perspective as well as the risk exposures of the entity.

We also encourage the Board to consider whether any of the disclosures proposed in the ED for hedging relationships would be relevant disclosures for exposures arising from derivative instruments which are not designated in hedging relationships under the ED or part of an economic hedging strategy.

We support the proposed disclosure requirements, in particular the proposed requirement in paragraph 49(b) to disclose the notional amounts or other quantity related to the hedging instruments. However, we prefer for the disclosures to be contained in the financial statements rather than permitting the disclosures to be provided elsewhere if they are incorporated by cross-reference into the financial statements. We believe that investors are best served by providing all financial information necessary for the fair presentation of a company's financial position, cash flows, and reports of operations within the financial statements.

In addition to the disclosures proposed in the ED, we recommend the following additional disclosures for consideration:

- As indicated above related to Questions 7 and 8, we recommend disclosures related to rebalancing activities and hedge discontinuation and the corresponding effects of each on the financial statements;

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- Disclosure explaining how the entity determined that hedged risk components were concluded to be “separately identifiable and reliably measurable”;
- Disclosure explaining how the entity determined that its hedging relationships met the criteria for hedge effectiveness (for example, how it was determined that the relationship provided other-than-accidental offset); and
- Disclosure of the location in the statement of financial position of hedging instruments.

We also encourage the Board to clarify whether each of the disclosure requirements is applicable as of the date of the statement of financial position or the reporting period. For example, paragraph 51(a)(i) requires disclosure of “changes in the value of the hedging instrument recognised in other comprehensive income” but is not explicit as to whether the disclosure should be cumulative over the life of the hedging relationship or for the reporting period.

Question 14:

Do you agree that if it is in accordance with the entity’s fair value-based risk management strategy derivative accounting would apply to contracts that can be settled net in cash that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity’s expected purchase, sale or usage requirements? Why or why not? If not, what changes do you recommend and why?

We do not understand the Board’s rationale for requiring the accounting for such contracts to be determined based on whether they are managed on a fair value basis rather than providing an “own use” election. Paragraph BC216 states that providing an election would be inconsistent with IAS 39, but this proposal is changing many other aspects of IAS 39 so it is not clear why the Board would not wish to also change this aspect.

In March 2010, the IFRIC declined to add an issue to its agenda which was a request to provide guidance on whether a contract that:

- (a) obliges an entity to deliver (sell) at a fixed price a fixed number of units of a non-financial item that is readily convertible to cash and
- (b) provides the counterparty with the option to purchase also at a fixed price a fixed number of additional units of the same item

can be assessed as two separate contracts for the purpose of applying paragraphs 5-7 of IAS 39. The IFRIC declined to add the issue to its agenda because the Board had accelerated its project to replace IAS 39 and the project would include considering the scope of IAS 39, including guidance about contracts to buy or sell non-financial items in IAS 39.5-.7. While the ED proposes a change to the “own use” exception, we observe that the proposed change does not appear to provide guidance on the issue that was raised with IFRIC.

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Question 15:

- (a) Do you agree that all of the 3 alternative accounting treatments (other than hedge accounting) to account for hedges of credit risk using credit derivatives would add unnecessary complexity to accounting for financial instruments? Why or why not?
- (b) If not, which of the 3 alternatives considered by the Board should the Board develop further and what changes to that alternative would you recommend and why?

As indicated in our response to Question 4, we believe additional clarification of the principle in distinguishing between risk components that either do or do not meet the conditions of being “separately identifiable and reliably measurable” would be useful. We believe that it would be preferable for the Board to further develop the guidance and parameters for determining whether an item is “separately identifiable and reliably measurable” than to provide exceptions to the classification and measurement model to address credit or other individual risks that would not otherwise qualify for hedge accounting.

We also encourage the Board to explain why it believes that the effect of an entity’s own credit in a fair value measurement is measurable for purposes of disclosure in IFRS 7 or disclosure and measurement for liabilities designated at fair value through profit or loss in IFRS 9, but does not believe that that credit risk would be separately identifiable and reliably measurable for purposes of hedge accounting.

Question 16:

Do you agree with the proposed transition requirements? Why or why not? If not, what changes do you recommend and why?

We encourage the Board to clarify (either in the body of the standard or in the application guidance), how the new standard would apply to open contracts at the date of adoption. Paragraph 53 of the proposed standard says that the requirements must be applied prospectively. Paragraph 54 says that, in applying hedge accounting, all of the qualifying criteria of the standard must be met at the adoption date. Paragraph 54 implies that hedge accounting cannot be applied for an open contract that meets the qualifying criteria under IAS 39 but which does not meet the qualifying criteria under the new standard. However, it is not clear from the standard, application guidance or the basis for conclusions as to:

- (a) whether any adjustments would be made in the current reporting period or the prior periods affected in respect of open contracts that meet the qualifying criteria under IAS 39 but which do not meet the qualifying criteria under the new standard; and

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- (b) whether hedge accounting can be applied to open contracts that did not meet the qualifying criteria under IAS 39 but meet the qualifying criteria under the new standard and, if so, whether designation can or may take place at the inception of the contract or at the start of the current reporting period.

We encourage consideration of whether unusual circumstances requiring additional guidance might arise due to IFRS 9 generally being otherwise retrospective. For example, might guidance be needed on the transition for a financial instrument that had previously been designated as the hedged item in a fair value hedge but that will be required to be classified and measured at fair value through profit or loss retrospectively upon implementation (such as presentation guidance for hedging adjustments in the statement of financial position or profit or loss)?

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,

Julie A. Erhardt
Chair
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