

Submitted to: <www.ifrs.org> "Comment on a proposal" page

March 21, 2013

International Accounting Standards Board

Re: Exposure Draft: ED 2012/4: *Classification and Measurement: Limited Amendments to IFRS 9: Proposed amendments to IFRS 9 (2010)*

The Accounting Principles and Auditing Standards Committee (the AP&AS "Committee") of the California Society of Certified Public Accountants (CALCPA) is pleased to provide our comments on the above referenced document.

The AP&AS Committee is the senior technical committee of CALCPA. CALCPA has approximately 40,000 members. The Committee is comprised of 49 members, of whom 53 percent are from local or regional firms, 27 percent are from large multi-office firms, 10 percent are sole practitioners in public practice, 8 percent are in academia and 2 percent are international firms.

The Committee will not be directly commenting on the IASB ED. Many of the questions the ED raises are also in the FASB's outstanding proposal on recognition and measurement. The Committee is still deliberating its comments to the FASB, and since it has not reached its conclusions, it would be premature to comment to the IASB on its ED. However, we understand the IASB will review the Committee's comment letter to the FASB, so the IASB will see the Committee's views in that manner.

The Committee commends the IASB for the steps in this ED towards convergence with the FASB on accounting for financial instruments. But we are disappointed that the FASB and the IASB have not achieved a greater level of convergence in the financial instruments projects, especially considering the Herculean efforts to achieve convergence, the importance of the project and the publicity directed toward it. At this point, we view the differences as too insignificant to leave unresolved. We believe the positions of either Board acceptable, with neither being intellectually (or theoretically) superior to the other. We urge the Boards resolve differences by choosing one alternative or the other or a middle ground after the exposure periods are over.

A failure of the Boards to converge on accounting for financial instruments could create severe operational issues for multi-national entities subject to IFRS in some reporting jurisdictions and US GAAP in others. It is pervasive, affecting many entities. Two different structures to account for financial instruments could be unduly expensive for preparers and confusing to users. While adoption of IFRS requirements into US GAAP

might be a solution, achievement of that is uncertain, so convergence is the better solution for financial instruments.

We would be glad to discuss our comments further should you have any questions or require additional information.

Very truly yours,

A handwritten signature in cursive script that reads "Howard Sibel". The signature is written in dark ink and is positioned below the closing of the letter.

Howard Sibelman, Chair
Accounting Principles and Auditing Standards Committee
California Society of Certified Public Accountants