



November 10, 2006

Mr. Peter Martin, CA
Director, Accounting Standards
Accounting Standards Board
277 Wellington Street West
Toronto, Ontario
M5V 3H2

BY E MAIL: ed.accounting@cica.ca

Re: AcSB Exposure Draft – Hedges (Amendments to Transitional Provisions of Section 3865)

Dear Mr. Martin:

The Committee on Corporate Reporting of Financial Executives International Canada (“FEI Canada”) is writing to provide its views on the Exposure Draft “Hedges (Amendments to Transitional Provisions of Section 3865)” issued in October 2006.

FEI Canada is an all-industry professional association of senior financial executives, with eleven chapters across Canada and almost 1900 members. Membership is generally restricted to senior financial officers of medium to large corporations, as well as senior financial officers in public sector organizations.

The Committee on Corporate Reporting (“CCR”) is one of two national advocacy committees of FEI Canada. CCR comprises more than 20 senior financial executives representing a broad cross-section of the FEI membership and of the Canadian economy who have volunteered their time, experience and knowledge to consider and recommend action on a range of issues related to accounting, corporate reporting and disclosure. In addition to advocacy, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

The remarks contained in this submission are made by members of CCR and do not necessarily represent the views of all FEI Canada members or its Board.

We note that the background material to this Exposure Draft indicates that the objective of the AcSB is to put an entity as close as possible to the position it would have been in had Section 3865 always been in place. We also note that the Exposure Draft also seeks to clarify the original transition provisions relating to hedges in Sections 3855 (Financial Instruments – Recognition and Measurement) and 3865 (Hedges) that were not being consistently interpreted.

In general, CCR believes that the clarifications in and amendments to Section 3855 and 3865 in the Exposure Draft substantially meet the objectives of the AcSB.

We will respond to the two questions raised in the Exposure Draft.

1. Do you agree that the proposed changes to Sections 3855 and 3865 clarify the accounting for hedging relationships on initial application?

We agree that the change proposed to Section 3855.88 (b) clarifies the manner in which the transitional provisions in that paragraph apply to assets and liabilities in hedging relationships entered into before the beginning of the fiscal year in which Section 3855 is initially applied, compared to the original text therein.

We also generally agree that the changes in Section 3865.71 when read in conjunction with Section 3855.88 clarify the manner and sequence in which the relevant transitional provisions of both these Sections are expected to be applied. Further we believe that the transition diagram under A10 in Example 3 appended to Section 3865 is a useful addition and is likely to assist in enhancing understanding of that Section's expectations of the disposition of balances relating to hedging relationships originating prior to transition to Section 3865.

Please note however that the black lined copy of the Exposure Draft does not appear to be consistent in its black lining of Sections 3865.71(b), (c) and (g) compared to the content of the original text and the Board may wish to review the Exposure Draft text so that the black lined version of the Exposure Draft is consistent with the corresponding original text of that Section. For example in black lining Section 3865.71(b) in the Exposure Draft, the entire first sentence of the corresponding original text has been omitted from the black lined Exposure Draft, potentially causing the reader to wonder if that omission is intentional or a typographical anomaly?

2. Do you agree that the proposed changes to Sections 3855 and 3865 are practicable? If not, please explain the practical difficulties you expect to encounter.

To the best of our knowledge, we believe that the proposed changes to Sections 3855 and 3865 are more practicable in light of clarification and consistency to the manner in which the transitional provisions are to be applied.

We hope these comments are useful, and would be pleased to answer any questions you may have.

Yours truly,



Alister Cowan
Chair, Committee on Corporate Reporting