

ISDA

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Wayne Upton
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IASB
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Monday 28th June 2004

IASB Financial Instruments Working Group

Dear Mr Upton,

I am writing in response to a letter from Sir David Tweedie, Chairman of the IASB, dated 19 May 2004, inviting the International Swaps and Derivatives Association (ISDA) to submit nominations for the IASB's Financial Instruments Working Group.

Our members represent leading participants in the privately negotiated derivatives industry and include most of the world's major financial institutions, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities. As such we believe ISDA brings a unique and broad perspective to the IASB's work on accounting for financial instruments.

We appreciate the opportunity to further assist the IASB in its work on accounting for financial instruments. We have been, and continue to be, very active in responding to the various Exposure Drafts and subsequent accounting standards for financial instruments, and we have previously met with staff and representatives from the Board on specific areas of concern to our members. ISDA is therefore close to the work of the IASB, and the members of ISDA's European Accounting Committee are regular Observers of the monthly Board meetings.

Before we submit our nominations for the Financial Instruments Working Group, and the reasons for our choices, I thought it might be helpful to the IASB if I briefly set out how ISDA's global accounting policy work is organised.

ISDA has three regional accounting committees in North America, Europe, and in Asia, and these make up ISDA's global Accounting Committee. The Accounting Committees in North America and Europe meet most frequently (a minimum of at least once a month), in person and via conference call facility,

and, as you would expect, focus specifically on the work of the FASB and IASB respectively. Where necessary, and increasingly, the Committees co-operate in order to reflect a truly international perspective (e.g. our work on the IAS 32 and 39 Exposure Draft, published in July 2002, and also currently in our work on the fair value measurement Exposure Draft recently published by FASB)

Nomination Process

The task of identifying a single individual from one institution with enough expertise to review all aspects of IAS 39 is a challenging one. IAS 39 covers a wide range of financial instruments activity and accounting, impacting many different areas of our members' firms. We would therefore recommend that the IASB, rather than seeking individual names as nominations, utilise firms or trade associations (like ISDA), in such a way as to ensure that the right experience and expertise is present at each stage of the review process. This will allow for better quality input and more productive meetings. We would however expect an element of control to be put in place to manage numbers and maintain a certain amount of consistency in make-up of the group. However, should the IASB choose to name individuals rather than firms and organisations, ISDA's nominations, below, bring with them the support and full resources of the members of the Global Accounting Committee.

ISDA Nominations

Firstly, ISDA would like to nominate Melissa Allen, European Head of New Business and Technical Accounting Support at Credit Suisse First Boston (CSFB) and Chair of the European Accounting Committee at ISDA. Melissa trained in the US as an accountant and has over twelve years of experience in accounting for derivatives and risk management activities. She has worked in the US, Australia and the UK, serving both as an auditor and preparer of financial statements for large, listed companies; and she was actively involved in the implementation of SFAS 133 in the US. Until recently Melissa was the resident accounting specialist for BNP Paribas Fixed Income. In this capacity, Melissa worked with the bank's clients to address accounting related issues across all fixed income products globally, including capital market activities, derivative trading and hedging, securitisations, insurance alternatives, and structured investments. In her new expanded role at CSFB, she will also be responsible for Accounting Policy, Accounting Assurance, SPE Management, and New Business approval and support.

Secondly, ISDA would like to support the nomination from J.P. Morgan Chase & Co. ("JPMC"), one of our leading global financial services member firms and an active member on both the North American and European Accounting Committees. Menasey (Marc) Moses is the Chief Financial Officer for the Europe, Middle East and Africa region, and is a member of JPMC's European Operating Committee and the Global Head of the Firm's Valuation Control Group, the function responsible for ensuring the independence and accuracy of the valuations of positions which expose the firm to market risk. In addition, Marc has recently been named as Global Investment Bank Controller. Marc has been with JPMC for over four years. He is a chartered accountant and prior to joining JPMC, was an audit partner at PricewaterhouseCoopers and partner in charge of their European market risk practice. Prior to joining PricewaterhouseCoopers Marc was at Bankers Trust for seven years trading short-term instruments and US Government Bonds.

ISDA believes that both these candidates would be excellent choices for the IASB's Financial Instruments Working Group, and we look forward to hearing from you regarding membership of the working group in due course. In the meantime if you have any further queries regarding our nominations please do not hesitate to contact Ed Duncan, European Policy Director at ISDA on (020) 7330 3574.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ed Duncan', with a large, sweeping underline stroke.

Ed Duncan
European Policy director at ISDA