

MEMO# 14292

January 3, 2002

IASB REJECTS INTERPRETATION TREATING FUND SHARES AS LIABILITIES

[14292] January 3, 2002 TO: ACCOUNTING/TREASURERS COMMITTEE No. 1-02
INTERNATIONAL COMMITTEE No. 1-02 RE: IASB REJECTS INTERPRETATION TREATING FUND
SHARES AS LIABILITIES As previously reported, the Standing Interpretation Committee of
the International Accounting Standards Board proposed and then confirmed an
interpretation ("SIC-D34") treating redeemable shares issued by investment companies as
liabilities for financial accounting purposes.¹ SIC-D34 provides guidance on implementation
of IAS 32, Financial Instruments: Disclosure and Presentation. The Standing Interpretation
Committee, much like the FASB's Emerging Issues Task Force, provides interpretive
guidance on practice issues related to existing accounting standards. The International
Accounting Standards Board was asked to approve final issuance of SIC-D34 in December.
We are pleased to report that in response to comments by the Institute and others, the
IASB did not approve final issuance of the interpretation. However, the Board agreed to
address the issue as part of its ongoing project to improve IAS 32. We will keep you
informed of further developments. Gregory M. Smith Director – Operations/ Compliance &
Fund Accounting 1 See Memorandum to Accounting/Treasurers Committee No. 34-01 and
International Committee No. 61-01, dated November 27, 2001.

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