



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

Head of Private Pensions Unit

DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS

Financial Affairs Division

6 September 2010

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

Dear Sir or Madam:

The Secretariat for the OECD's Working Party on Private Pensions is pleased to respond to the IASB's exposure draft "Defined Benefit Plans: Proposed Amendments to IAS 19".

We support the IASB's work to improve accounting requirements for defined benefit plans. Furthermore, we feel that the current exposure draft is a marked improvement from the IASB's discussion paper on IAS 19 published in March 2008.

We wish to comment on the following issues:

1. Definition of defined benefit and defined contribution plans

We understand that the IASB has decided not to review the definitions of defined benefit and defined contribution plans at this time. Some OECD member countries feel that the current definitions do not fit well in the context of their national pension systems. We would encourage the IASB to review these definitions in due course.

2. Immediate recognition of actuarial gains and losses

This has been a heavily debated topic and there are strong arguments both for and against immediate recognition of actuarial gains and losses. Some of the OECD member countries support immediate recognition, whereas some are opposed. We do, however, wish to highlight that the long-term nature of defined benefit pension promises should be taken into account when valuing liabilities. The IASB has made clear that they are in favour of immediate recognition. It should be noted, though, that elements of "smoothing" are allowed in other aspects of corporate accounting.

3. Risk-sharing and Conditional Indexation

We support the IASB's proposal that risk-sharing and conditional indexation shall be considered in determining the defined benefit obligation.



4. Disclosure

We support the IASB's proposal that disclosures should be disaggregated to distinguish plans or groups with materially different risks, especially across geographical locations.

We appreciate the opportunity to respond to the IASB's exposure draft as well as the effort the IASB has made to engage stakeholders in the amendment process.

Attached, please find a copy of a document describing the IASB's exposure draft that was discussed at the May 2010 meeting of the OECD's Working Party on Private Pensions.

Yours sincerely,

Juan Yermo
Head of Private Pensions Unit
Financial Affairs Division

Attachment: "The new IAS 19 exposure draft", OECD document DAF/AS/PEN/WD(2010)3/REV1