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Letter of Comment No: 2958

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Via email to: director@fash.org

Ms. Suzanne Bielstein Director of Major Projects Financial Accounting Standards Board 401 Merritt 7, PO Box 5116 Norwalk, CT 06856-5116

File Reference No. 1102-100

Dear Ms. Bielstein:

The International Corporate Governance Network (ICGN) is an international network of institutional investors, shareholder advocates and corporate governance experts collectively holding more than US\$10 trillion in assets. We are writing in response to your Proposed Statement of Financial Accounting Standards, "Share-Based Payment."

As an international group of users of financial statements, we strongly support the proposal to improve reporting for all forms of share-based payments. Financial statements, with complete and independent information, are one of the primary sources of information available to guide and monitor investment decisions. The integrity of these statements is critical to all users of financial statements.

Stock options and other equity payments are a form of compensation that should be reflected as a cost of operations, just as salaries and other employee benefits. To do otherwise leaves the financial statements incomplete and not comparable. The proposal would appropriately eliminate the current US accounting bias toward use of fixed option plans (which result in zero income statement expense), and allow greater flexibility for consideration of performance-based plans.

We support all of the basic principles in the proposal:

- Issue 1: Equity instruments given for employee services should be recognized as
 compensation cost during the period the services are used in the issuing entity's
 operations.
- Issue 2: Pro forma amounts of compensation cost shown only in footnotes (as is
 predominant current practice in the US) are not an appropriate substitute for
 recognition of compensation cost in the income statement.
- Issue 3: Share-based compensation cost should be measured based on their estimated grant-date fair value.

 Issue 4: The fair value of employee share options can be measured with sufficient reliability using adjusted option-pricing models. The guidance in the proposal is appropriate and allows for judgment and flexibility as required in the circumstances.

If you have any questions or if you would like to discuss the matter further, please contact me or Elizabeth Fender in Charlotte, NC at 704-541-9801 or by email at elizfender@yahoo.com.

Sincerely,

Claude Lamoureux, Chair

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Accounting and Auditing Practices Committee

The contact information for the Chair of the Committee is: Claude Lamoureux, President and Chief Executive Officer Ontagio Teathers' Pension Plan

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