

Canadian Coalition for Good Governance

March 18, 2003

Ms. Kimberley Crook
Project Manager
International Accounting Standards Board
30 Cannon Street, London
EC4M 6XH, United Kingdom

**Re: Exposure Draft Reporting Standard
“Share-Based Payment”, ED2**

Dear Ms. Crook,

The Canadian Coalition is writing in response to the Exposure Draft of the proposed International Financial Reporting Standard, “Share-Based Payment” ED2. The Canadian Coalition for Good Governance is a group comprised of 19 large pension funds and money managers in Canada with total net assets under management of just over CDN \$367 billion. As an organized group, each of us cares very strongly about corporate governance practice in Canada and around the globe, hence our letter to you regarding the expensing of stock options as a recommended practice.

We are encouraged to see that the Exposure Draft reflects our concern that stock options used to attract, retain or compensate employees be reported as expense in income statements. We commend the International Accounting Standards Board in its efforts to lend credence to international financial reporting on this issue.

The Canadian Coalition supports the basic principle of ED2 – that the value of all shares and options be estimated at their fair value at the date of grant and then expensed over the vesting or service period. Our main belief is that the valuing of stock options at the date of grant is the most appropriate valuation that adequately reflects the nature of the compensation transaction.

We thank you for your efforts on behalf of the owners of corporations and we look forward to the final posting of this international accounting standard.

Sincerely,

The Canadian Coalition for Good Governance

Alberta Teachers' Retirement Fund Board

AMI Partners Inc.

Burgundy Asset Management

Connor, Clark & Lunn Investment Management

Franklin Templeton Institutional

International Finance Participation Trust

Jarislowky Fraser Ltd.

KBSH Capital Management Inc.

LaSalle Firefighters Pension Plan

Mackenzie Financial Corp.

MFC Global Investment Management

Ontario Teachers' Pension Plan

OPSEU Pension Trust

RBC Global Investment Management

Standard Life Investments Ltd.

Trustees of the I.U.O.E. Local 793 Pension Plan for Operating Engineers in Ontario

TAL Global Asset Management

UBS Global Asset Management