



**European Financial Services  
Round Table**

Sir David Tweedie  
International Accounting Standards Board  
30 Cannon Street  
GB - London EC4M 6XH

Amsterdam, 13 October 2008

Dear Sir David,

In my capacity as Chairman of the European Financial Services Roundtable (EFR), I would like to draw your attention to a proposal concerning the urgently needed adjustments of IFRS accounting rules, as agreed by the EFR. This proposal was included in a list of 4 measures to be taken to address the financial crisis as discussed with President Barosso and Commissioners Kroes and Almunia on Thursday 2 October, and subsequently sent to a number of European Finance Ministers ahead of the EcoFin of last week.

With regards to accounting, the EFR proposes the following:

- 1) Allow mark-to-model values to replace mark-to-market values for instruments that are clearly illiquid and for which market information would lead to estimates that do not represent their economic values;
- 2) Allow reclassification, at fair value on the date of transfer, out of the "fair value through profit and loss" category (including trading) if there is an unequivocal change in business intent to hold the instruments as a result of the lack of market liquidity;
- 3) Allow debt securities to be measured at amortised cost either by removing the tainting rules for the Held-to-Maturity category or by amending the definition of loans and receivables to include all debt securities.

The overall aim of restoring market confidence can only be achieved if there is full transparency on the use of these measures for investors. Therefore, full disclosure of the reasons and impact is required. Companies should have the option whether or not they want to reclassify their assets. As mentioned above a close alignment to the US rules should be envisaged.

Please note that we have also shared our views with mr. Zalm, Chairman of the Trustees, earlier today.

We are at your disposal should you need any further input from us.

Best regards,

Michel Tilmant

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