

Sir David Tweedie  
Chairman of the  
International Accounting Standards Board  
30 Cannon Street  
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540/520

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Dear Sir David

**Re.: IASB Exposure Draft ED/2009/9: Classification of Rights Issues-  
Proposed amendments to IAS 32**

We agree with the proposal to amend IAS 32 specifying that rights to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

However, the proposed amendment is, in our view, too narrow and affects only a limited number of entities in our jurisdiction. We believe that the IASB should resolve expeditiously the general (and much more significant) problem of classification of conversion or stand-alone options if the exercise price is fixed in a currency other than the entity's functional currency.

In this context, the IFRIC concluded that if an option is denominated in a currency other than the entity's functional currency, the amount of cash to be received in the functional currency is variable. Consequently, the instrument is a derivative liability that should be measured at its fair value with changes in fair value included in profit or loss. We share the IFRIC's view that this outcome is consistent with the wording of current IAS 32, but not consistent with the Board's approach when it introduced the 'fixed for fixed' notion in IAS 32. Therefore, IAS 32 should be amended at short

GESCHÄFTSFÜHRENDER VORSTAND:  
Prof. Dr. Klaus-Peter Naumann,  
WP StB, Sprecher des Vorstands;  
Dr. Klaus-Peter Feld, WP StB CPA;  
Manfred Hamann, RA

notice to permit a conversion or stand-alone option to be classified as equity if the exercise price is fixed in any currency.

Yours sincerely

Norbert Breker  
Technical Director  
Accounting and Auditing

Uwe Fieseler  
Director International  
Accounting