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Exposure Draft of Proposed Improvements to International Financial Reporting Standards

Dear Sir David,

Thank you for the opportunity to comment on the *Exposure Draft of Proposed Improvements to International Financial Reporting Standards*.

We welcome the introduction of the annual improvement project and believe that consulting on minor non-urgent amendments to various standards which have been collected in a single exposure draft will help to streamline and speed up the standard-setting process. A pre-requisite for applying the new procedure, however, must be that all proposed changes relate exclusively to non-substantive adjustments and clarifications. Proposals for changes to the content of a standard should not be dealt with under the annual improvement project but should go through the normal consultation procedure.

In our view, a critical look needs to be taken at whether some of the proposed amendments in the exposure draft meet this prerequisite. This applies, for example, to the proposal to extend the definition of “derivative” in IAS 39.9. We do not consider this a mere adjustment but a change with potentially far-reaching substantive effects. Careful analysis is needed of what contracts would be covered by the extended definition and how the change would impact on the balance sheet. This proposal should therefore not be classified as a minor revision covered by the annual improvement project but should undergo normal consultations in line with due process.

We should be happy to supply any further information you may require on this issue.

Yours sincerely,



Hans-Joachim Massenberg



Silvia Schütte