

Mr Hans Hoogervorst
Chairman of the
International Accounting Standards Board
30 Cannon Street
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Dear Mr Hoogervorst

Re.: IASB Exposure Draft 2011/3 “Mandatory Effective Date of IFRS 9”

We appreciate the opportunity to comment on the exposure draft mentioned above and would like to submit our comments as follows:

Question 1

The Board proposes to amend IFRS 9 (2009) and IFRS 9 (2010) so that entities would be required to apply them for annual periods beginning on or after 1 January 2015. Do you agree? Why or why not? If not, what alternative do you propose?

We welcome the Board's proposal to amend IFRS 9 (2009) and IFRS 9 (2010) so that entities would be required to apply them for annual periods beginning on or after 1 January 2015 (rather than 1 January 2013).

The proposed deferred effective date

- extends the time line for the completion of the remaining phases of the project to replace IAS 39 (especially impairment and hedge accounting),
- allows entities to apply the guidance from all phases of the project to replace IAS 39 at the same time, and
- avoids an insurer having to face two rounds of changes within a short period (given the deferred finalisation of the insurance proposals).

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

Nevertheless, if the Board's deliberations on the impairment and hedge accounting phases of the project to replace IAS 39 cannot be completed as currently scheduled or if there is a significant delay in any other major project that has interdependencies with the financial instruments project (e.g. insurance contracts), the mandatory effective date should be deferred further. The Board has committed itself to granting entities sufficient time to adopt and implement the new guidance.

Question 2

The Board proposes not to change the requirement in IFRS 9 for comparatives to be presented for entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2012. Do you agree? Why or why not? If not, what alternative do you propose?

The IDW agrees with the general requirement for comparatives to be presented for entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2012. However, once the deliberations on the outstanding phases of IFRS 9 have been completed, the Board should decide whether a relief from providing comparatives is necessary in the final version of IFRS 9 due to practicability considerations.

According to paragraph 8.2.1 of IFRS 9 (2009) and paragraph 7.2.1 of IFRS 9 (2010), IFRS 9 shall not be applied to items that have already been derecognised at the date of initial application. Hence, IAS 39 must be applied to items that have been derecognised between the beginning of the comparative period and the date of initial application, i.e. the comparative information will contain both IFRS 9 and IAS 39 information, which will not be distinguishable for users of financial statements. In our view, applying both IFRS 9 and IAS 39 during the comparative period is neither conceptually sound nor practicable.

For example, in preparing for the transition to IFRS 9, entities may wish to prepare a statement of financial position as of 1 January 2014 (i.e. at the beginning of the comparative period) during 2014, although at that time, they will not know which items will subsequently be derecognised before the date of initial application (1 January 2015). Consequently, such entities will have to amend their preliminary statement of financial position as of 1 January 2014, once derecognitions become known. Implementing the proposed 'apple and pears'-approach for the comparative period will lead to significant preparation costs.

Therefore, we suggest the IASB allow entities to apply IFRS 9 to items that have been derecognised during the comparative period.

Seite 3/3 IDW Comment Letter to Mr Hans Hoogervorst on ED "Mandatory Effective Date of IFRS 9"

We would be pleased to answer any questions that you may have or discuss any aspect of this letter.

Yours sincerely

Norbert Breker
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Accounting and Auditing

Uwe Fieseler
Director International
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