BPCE

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom
Submitted by email to:
commentletters@iasb.org

Paris, 20 October 2011

BPCE comment letter on ED/011/3 Mandatory effective date of IFRS 9

Dear Sir,

BPCE welcomes the IASB invitation for comments on mandatory effective date of IFRS 9. We agree with the IASB proposals to defer the mandatory effective date of IFRS 9. We consider that a minimum of three years period of time is necessary to allow entities to assess the new requirements and to design and develop the systems required for the transition from IAS 39 to IFRS 9. Bearing in mind that IFRS 9 phase 2 relating to impairment and IFRS 9 phase 3 relating to hedge accounting are already behind schedule, it appears unlikely that they could be finalized by the end of 2011 allowing the 3 years period mentioned above.

We also consider that the implementation date of IFRS 9 should be linked with the implementation of IFRS 4 in order to be fully able to translate in the financial statements the interactions between the two standards.

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In order to achieve a necessary convergence between IFRS and US GAAP, a re-exposure of IFRS 9 phase 1, which is the only phase finalized so far, will be necessary and will cause further delays. An implementation of IFRS 9 on January 1st 2015 appears to be the earliest possible date of implementation. We would recommend, instead of targeting a fixed date, likely to be postponed as delays occurs, to set a date of implementation which would be three years after the completion of IFRS 9 and IFRS 4. We are not in favor of allowing an early application of IFRS 9, which makes it difficult for users to compare financial statements between entities.

As for the relevance of a comparison of IAS 39 and IFRS 9 on the previous year of effective implementation, our view is that the cost to produce this information exceeds by far the benefits for users. We advocate to apply a mechanism similar to the one applied for the transition to IAS 39 for first time adopters in 2005. Due to the scope of the new standards, we face the same situation as the one confronted in 2005. No comparative statements should be required. The opening balance sheet should be restated with reconciliation between closing and opening balance sheets.

Our comments to the exposure draft are detailed in the appendix to this letter. We hope that these comments will prove useful and we would be pleased to provide any further information you might require.

Yours Sincerely,

Nicolas Patrigot
Head of Group Accounting Policies
BPCE

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 IASB proposals to defer the mandatory effective date of IFRS 9; we consider that a minimum of three years period of time is necessary in order to allow entities to assess the new requirements and to design and develop the systems required for transition from IAS 39 to IFRS 9. Bearing in mind that this standard covers the core of accounting principles applied to financial instruments, extra time is also necessary to train staff and develop communication with investors and analysts.

We also consider that implementation date of IFRS 9 should be linked to the implementation of IFRS 4 in order to be fully able to translate the interactions between the 2 standards.

An implementation on the January 1st 2015 appears to be the earliest possible date of implementation as it assumes that IFRS 9 and IFRS 4 could be completed by the end of 2011. We would recommend, instead of targeting a fixed date, likely to be postponed as delays occurs, to set a implementation date which would be three years after the completion of IFRS 9 and IFRS 4.

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?

We are not in favor of the comparative requirement described in paragraphs 8.2.12 of IFRS 9 (2009) and 7.2.1 of IFRS 9 (2010). The scope of changes introduced by the implementation of IFRS 9 is large and will have significant operational consequences.

To reduce part of this burden, we would recommend a mechanism similar to the one applied for the transition to IAS 39 for first time adopters in 2005. Due to the scope of the new standards, we confront the same situation as in 2005. No comparative statements should be required. The opening balance sheet should be restated with reconciliation between closing and opening balance sheets.

We are opposed to an early adoption of the new standard before the mandatory effective date. To allow early application would make it more difficult to compare financial statements between entities.