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October 20, 2011

To the International Accounting Standards Board;

The Japanese Bankers Association

Comments on the Exposure Draft *“Mandatory Effective Date of IFRS 9”*

The Japanese Bankers Association is an organization that represents the banking industry in Japan; its members comprise banks and bank holding companies operating in Japan. The Association submits the following comments on the Exposure Draft, *“Mandatory Effective Date of IFRS 9”*

We hope that the comments below will assist the Board in its further deliberation.

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?

(Response)

- We agree with the amendment to defer the mandatory effective date.
- The IASB has already announced that the mandatory effective date for the existing standard was set at January 1, 2013 on the assumption that all phases of the project to replace IAS 39 can be applied at the same time. In light of this, we request that the mandatory effective date be set so as to provide a sufficient period for implementation after the issuance of accounting standards for impairment and hedge accounting, both of which are also components of IFRS 9.

(Reasons)

- The initial reason for setting the effective date of IFRS 9 at January 1, 2013 was to allow entities to adopt at the same time all phases of the project to replace IAS 39 (IFRS 9 (2009) BC92). The Board also stated it would consider delaying the effective date of IFRS 9 if the impairment phase of the project to replace IAS 39 makes such a delay necessary, or if the new IFRS on insurance contracts has a mandatory effective date later than 2013(IFRS 9 (2009) BC93).

We support the proposed deferral of the mandatory effective date in light of the current progress of the amendments to individual standards and the reconfirmation by the Board (ED BC3) of allowing entities to apply the requirements of all of the phases of the project to replace IAS 39 at the same time.

- As we argued in the JBA opinion statement (January 31, 2011) on "Effective Dates and Transition Methods" (October 2010), for financial institutions, compliance with IFRS 9 which rules accounting for financial instruments is not merely a matter of financial reporting, but will have an enormous impact on management accounting and risk management. We believe that five years from the issuance of standards for impairment and other components of IFRS 9 will be necessary as a preparatory period. We therefore believe that an appropriate mandatory effective date should be redeliberated when all phases of the project to replace IAS 39 are finalized.

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?

(Response)

- We do not support the proposal not to amend the provisions for relief from restating comparatives. As stated in our response to Question 1, we believe that as with the existing standard the relief from restating comparatives must be provided in order to reduce the burdens and costs associated with transition for enterprises that apply IFRS 9 within a short period of time after the completion of all phases of IFRS 9, when the mandatory effective date to apply the requirements of all of the phases of the project to replace IAS 39 at the same time is established.

(Reasons)

- Under the current IFRS 9, the Board decided that it would not require restatement of comparative periods by entities that implement IFRS 9 for reporting periods beginning before 1 January 2012 in view of the practical burdens to be imposed by the application of new classification models in a short time frame (IFRS 9 (2009) BC107). We propose the amendments to extend the period of the relief from providing comparatives in the event of a delay in the mandatory effective date of IFRS 9 because the burdens of early adoption remain unchanged.