October 20, 2011

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Board Members:

Consejo Mexicano de Normas de Información Financiera (CINIF), the accounting standard setting body in Mexico, welcomes the opportunity to submit its comments on the Exposure Draft on *Mandatory Effective Date of IFRS 9* (the ED), issued for exposure in August 2011. Set forth below you will find our comments on the topics included in the ED, as well as our responses to the questions included therein.

We have divided our letter in two sections. In the first section you will find our general comments on the ED. The second section includes our responses to the specific questions raised in the ED.

General comments on the ED

In general, we support the deferral of the mandatory effective date of IFRS 9, since, as far as two important sections of IFRS 9 will be completed in early 2012, it is unrealistic to implement the revised Standard in 2013.

Regarding the early implementation date, we have some concerns that the relief of not to restate prior period should be extended, particularly due to the implementation problems that will arise with the new hedging and impairment sections of IFRS 9..

Our concerns are explained in the response to the specific questions raised in the ED.

Our responses to the specific questions raised in the ED

Question 1—Mandatory effective date

The Board proposes to amend the 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 agree with the revised mandatory effective date. As far as the two last parts of IFRS 9, relating to hedging and impairment, will not be ready until early 2012, the lead time to implement the standard would be too short and would not allow sufficient time for a proper implementation.

However, we are confused regarding the references to an IFRS 9 (2009) and to an IFRS 9 (2010). Since IFRS 9 (2010) supersedes IFRS 9 (2009), our belief is that there is only one outstanding IFRS 9 and not two. This is somewhat confusing, especially when analyzing the possibility of early application in question 2.

We are confused by the dates indicated in paragraph 7.3.2. as well as the reference to such paragraph in paragraph 7.1.1.

Paragraph 7.1.1 indicates that "*However, if an entity elects to apply this IFRS early and has not yet applied IFRS 9 issued in 2009, it must apply all the requirements in this IFRS at the same time (but also see paragraph 7.3.2).*" We believe that paragraph 7.3.2 contradicts what is stated in the preceding sentence, which requires that all the requirements of this IFRS must be applied. We interpret that "this IFRS" is IFRS 9 (2010), which encompasses IFRS 9 (2009).

In that respect, paragraph 7.3.2, indicates that "…for annual periods beginning before 1 January 2015, an entity may elect to apply IFRS 9 issued in 2009, instead of applying this IFRS. Paragraph 7.3.2 suggests that in 2013, for example, an entity could elect to apply only the portions of IFRS 9 issued in November 2009 and not the portions issued in October 2010. This is in direct conflict with paragraph 7.1.1, indicated above.

Regarding this issue, we have mixed feelings whether an entity that elected to early apply IFRS 9 (2009) or IFRS 9 (2010) when issued, should be obligated to apply the new phases as they are issued. Some believe that each phase is distinct and that early adoption of IFRS 9 (2009) should not obligate an entity to early adopt IFRS 9 (2010) or the subsequent phases as they are issued. The other half of our Board believes that the new phases are built on the prior ones and are interrelated, and that if any phase of IFRS 9 is early adopted, the entity should be required to early adopt all subsequent phases as they are issued. This conclusion follows the case of separate but related standards, such as IFRS 10, IFRS 11 and IFRS 12, where there is a requirement that in case of early application, all of them should be applied jointly.

Also, concurrent with the issuance of IFRS 9, both in 2009 and in 2010, there were several additions to IFRS 7, *Financial Instruments: Disclosures*, whose mandatory effective date should also be deferred to 2015. Even though some of these disclosures are of a general nature, others are specific to the new classification of financial instruments.

Question 2—Early application

The Board proposes not to change the requirements 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 text of the amendments does not refer to comparatives. Paragraph BC4 indicates that "…an entity that adopts the IFRS for reporting periods beginning before 1 January 2012 need not restate prior periods." We believe this sentence should be included in the effective date paragraphs, since it is the only way to answer question 2.

In that regard, we do not agree that the relief provided should only apply to periods beginning before 1 January 2012. We believe that the relief should be for all the years of early adoption, especially considering that the new sections of hedging and impairment will require important adjustments, and for early adopters the relief should persist.

Should you require additional information on our comments listed above, please contact Juan M. Gras at (52) 55 5596 5633 ext. 105, William Biese at ext. 113 or me at ext. 103 or by e-mail at jgras@cinif.org.mx, wbiese@cinif.org.mx, or fperezcervantes@cinif.org.mx, respectively.

Sincerely,

C.P.C. Felipe Perez Cervantes
President of the Mexican Financial Reporting Standards Board
Consejo Mexicano de Normas de Información Financiera (CINIF)