909 Third Avenue
New York, NY 10022

20 October 2011

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

Re: Exposure Draft: Mandatory Effective Date of IFRS 9

Ladies and Gentlemen:

Citigroup appreciates the opportunity to respond to the Exposure Draft: *Mandatory Effective Date of IFRS 9* (ED or the proposal). Overall, we are supportive of the IASB's proposal to extend the mandatory effective date of IFRS 9.

We note that the Board proposes to extend the mandatory effective date because of the extension of the Board's time line for completion of the remaining phases of the project to replace IAS 39. With the remaining phases on impairment and hedge accounting still being deliberated, and possible changes to IFRS 9 as a result of the convergence project with the FASB, we recommend an extended mandatory effective date takes into account a realistic time line for completion of all phases.

Currently IFRS 9 requires retrospective application. Retrospective application requires significant additional costs, and necessary data for earlier periods reported may not be available. Extending the effective date and allowing more time to implement the standard would ease the data availability concerns. More importantly, the Board should permit prospective application with a detailed reconciliation in the period of adoption, or limit the comparative information required to just one year. We consider prospective application with a cumulative adjustment in the period of adoption to be the most appropriate transition method for IFRS 9 (see below for details).

Citigroup strongly supports full convergence of IFRS and U.S. GAAP, in particular on the accounting for financial instruments. Convergence should remain a priority and we encourage convergence to achieve uniform standards *and* implementation dates, so that a new standard would only need to be adopted once. This is especially critical for entities like Citi with subsidiaries that report under both U.S. GAAP and IFRS.

We would be pleased to discuss our comments with you at your convenience. Please feel free to call me in New York at (212) 559-7721.

Sincerely,

Robert Traficanti

Robert Traficanti
Deputy Controller and Global Head of Accounting Policy
Citigroup Inc.

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 agree with the Board proposal to extend the mandatory effective date of IFRS 9. A mandatory date of 1 January 2015 would be supportable if the Board is confident that a complete final standard will be published by the end of 2012, and the transition provisions are made prospective as discussed below. This will allow at least two years to adopt the new standard. If there is a possibility that the complete final standard of IFRS 9 may not be ready by the end of 2012, a mandatory effective date of 1 January 2016 would be more appropriate.

More importantly, the Board should change the transition requirements to prospective application with a cumulative effect adjustment recorded in the period of adoption. We disagree with the proposed retrospective transition for IFRS 9. We believe a prospective transition with a cumulative effect adjustment recorded in the period of adoption is the most appropriate method for IFRS 9, not only for preparers but also for users of financial statements. We feel that a cumulative effect adjustment in the period of adoption together with a detailed reconciliation will provide more accurate and useful information around the impact of adopting the new standards compared to retrospective transition, which would contain information based on current assumptions applied to past events. Retrospective application would be exceedingly burdensome. The development of new systems and models would require significant time and resources to implement across the financial services industry, especially those relating to the new impairment model yet to be finalized. We are also concerned about inconsistent application of the transition rules of IFRS 9, which we believe are very complex and introduce subjectivity in determining when retrospective application is impracticable. Prospective application would be the most cost-efficient way to adopt the standard in the shortest possible timeframe whilst eliminating the possibility for inconsistent application.

Reducing the amount of comparative information required to only one year would be a possible alternative, although for the reasons discussed above Citi believes prospective application is strongly preferable.

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 do not agree. We support the Board's retention of the ability to early adopt, but believe the benefit of being exempt from comparative information should be retained as this will be one of the main motivations for entities to early adopt. Early adoption with exemption from comparative information would allow entities to implement in the most cost-efficient way within the shortest possible timeframe. Therefore we believe that if the mandatory effective date is extended to 1 January 2015, a company adopting before 1 January 2014 should be exempt from providing comparative information.

Another critical point for entities like Citi with local subsidiaries that report under UK GAAP is the mandatory adoption date for IFRS by UK GAAP filers of 1 January 2014. Relief from comparative information if adopted early will allow entities to avoid the burden of two conversions in a short timeframe. We expect many other jurisdictions that are currently in the process of adopting IFRS will face the same challenges.