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ASBJ FASF

October 21, 2011

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

Dear Sir or Madam,

Comments on the Exposure Draft "Mandatory Effective Date of IFRS 9"

We appreciate the efforts made by the International Accounting Standards Board (IASB) in the Financial Instruments Accounting Project and welcome the opportunity to express our comments on the Exposure Draft "Mandatory Effective Date of IFRS 9" (hereinafter referred to as the "ED"). The following views are those of the Financial Instruments Technical Committee within the Accounting Standards Board of Japan.

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?

(Our comments)

We understand that the proposal in the ED is in accordance with the possible deferment of the mandatory effective date envisaged in the existing IFRS 9 and do not object to the proposal. However, we urge the IASB to proceed with the Impairment phase and other phases of the Financial Instruments Project and the Insurance Project in a timely manner so that the final standards of those projects will be mandatorily applied on the proposed effective date.

(Our rationale)

1. Paragraph BC1 of the ED states that the basis for conclusions in the existing IFRS 9 refers to IASB's possible consideration of deferring the effective date of IFRS 9. It states that the IASB will 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. Taking into account current progress of those projects it is likely that both of these two conditions will be met. Therefore, we understand

that the proposal of the ED follows the statements in the existing IFRS 9.

2. We are, however, of the view that delaying the effective date of the final standard once announced worldwide is not necessarily favourable because that change might significantly reduce the predictability of market participants regarding the use of the standard. In addition, it would prolong the term of early application and lack of comparability between entities that apply the standard and those that do not would last as long. Accordingly, in order not to exacerbate these problems, we urge the IASB to make steady progress in the Impairment phase of the Financial Instruments Project and the Insurance Project so that the final standards of those projects will be mandatorily applied on the proposed effective date.

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We expect our comments will contribute to the forthcoming IASB's deliberation.

Atsu Kato
Chairman of the Financial Instruments Technical Committee
Vice Chairman of the Accounting Standards Board of Japan