16 August 2011

International Accounting Standards Board
(IASB)

Dear Sir/Madam,

Response to ED/2011/3 *Mandatory Effective Date of IFRS 9*

1. I thank the IASB for the opportunity to comment on the aforementioned ED. Before I proceed to articulate my views on this ED, I would like to emphasise upfront that the comments that are expressed herein are solely my ***personal views*** and strictly do ***not*** reflect those of any organisation to which I may be associated presently and/or previously in various capacities.

2. I am broadly on the same page with the IASB on the proposal to defer the mandatory effective date of IFRS 9 from 2013 to 2015. In retrospect, the past two years or so had been extremely stressful for global constituents as the IASB worked feverishly to replace the "infamous" IAS 39 with a more responsive global accounting standard for financial instruments. Notwithstanding the aggressive (or should I say, unrealistic) project timeline that the Board has been working towards, IFRS 9 remains essentially work-in-progress at this time. I have long anticipated this to happen and am least surprised by it. The vigorous global debate generated by the EDs issued over the three phases of the project, had ensued in the Board revisiting a number of its initial proposals. Inevitably, more time is required to complete and finalise IFRS 9 on the standard-setting front.

3. With the many conceptual "acrobatics" being displayed in the course of the Board's rethinking of the issues, it does not take much flight of the imagination for one to conclude that this must certainly be both a confusing and stressful time for the global preparer community. Thus, I think the deferral proposal makes sense on two counts. Firstly, it will give preparers much-needed time to analyse and understand the new requirements before making the requisite system changes to transition - in the least disruptive manner - from IAS 39 to IFRS 9. Secondly, it will also give the investor community more time to understand and assimilate the new requirements into their investment decision-making regimes.

4. I further urge the Board to use the extra time made possible by the deferral to holistically review its proposals for the new financial instruments accounting for conceptual soundness, consistency and decision-usefulness. The Board must also continue to work

closely with the US Financial Accounting Standards Board (FASB) to realise the vision of a unified robust global accounting standard for financial instruments.

5. My responses to specific questions posed in the ED can be found in the Appendix to this comment letter.

Yours faithfully,

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Caveat: Please note that the comments expressed herein are solely my ***personal views*** and strictly do ***not*** reflect those of any organisation to which I may be associated presently and/or previously in various capacities.

Appendix

Question	**Comments**
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?	Yes, I am fully supportive of the proposal to defer the mandatory effective date of IFRS 9 (2009) and IFRS 9 (2010) from annual periods beginning on or after 1 January 2013 to annual periods beginning on or after 1 January 2015. IFRS 9 is the centrepiece of the IASB's reform of financial instruments accounting in response to the global financial crisis, and also one of the defining projects under the convergence agenda with US GAAP. I further note that notwithstanding the aggressive (or should I say, unrealistic) project timeline that the Board has been working towards over the past two years or so, the project to replace IAS 39 with IFRS 9 remains essentially work-in-progress at this time. The vigorous global debate generated by the EDs issued over the three phases of the project, had ensued in the Board revisiting a number of its initial proposals. In short, I note that the accounting for financial instruments remains in a significant state of flux at this juncture. Given the many conceptual "acrobatics" being displayed in the course of the Board's rethinking of the issues, it does not take much flight of the imagination for one to conclude that this must certainly be both a confusing and stressful time for the global preparer community. As such, I think it is sensible to defer the mandatory effective date from 2013 to 2015 to give preparers more time to analyse and understand the new requirements before making the

Question	Comments
	requisite system changes to transition - in the least disruptive manner - from IAS 39 to IFRS 9. By the same token, I believe the investor community will also require more time to understand and assimilate the new requirements into their investment decision-making regimes. While I envisage the deferral to give both preparers and investors much-needed time to prepare for the changes, I urge the Board to use the extra time made possible by the deferral to holistically review its proposals for the new financial instruments accounting to ensure conceptual soundness, consistency and decision-usefulness. The Board must also continue to work closely with the FASB to realise the vision of a unified robust global accounting standard for financial instruments.
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?	I am on the same page with the Board on its proposal to maintain the IFRS 9 mandate to restate comparatives when an entity first applies the Standard for reporting periods beginning on or after 1 January 2012. As a matter of principle, this is consistent with the extant IAS 8 requirement of full retrospective application, and would thus promote comparability of those financial statement numbers relating to financial instruments. Conceptually, the IAS 8 full retrospective application principle is superior to any other alternative transitional provisions. Relief from this fundamental requirement should only be granted in highly exceptional circumstances.

Question	Comments
	Upon further reflection, while I appreciate the Board's motivation for providing limited relief from restating comparatives to those entities early adopting IFRS 9 for reporting periods beginning before 1 January 2012, I question the practical wisdom of permitting early adoption of the Standard from the standpoint of global comparability. With some entities early adopting the Standard and others still taking a "wait-and-see" stance, it is inevitable that comparability would be compromised in the transitional period leading up to the mandatory effective date of 1 January 2015. During this transitional period, even amongst entities reporting under the IFRS regime, the financial statements would probably be showing a mixed bag of IAS 39 and IFRS 9 numbers. I therefore envisage a challenging time for global investors and other financial statement users as they undertake the unenviable task of comparing, reconciling and analysing the IAS 39 and IFRS 9 figures. This analytical endeavour is likely to be further compounded by the heightened equity market volatility that we are seeing now, due to the American and European debt problems and the looming possibility of yet another global recession in the horizon.