DUTCH ACCOUNTING STANDARDS BOARD (DASB)

RAAD VOOR DE JAARVERSLAGGEVING

Secretariat:
Antonio Vivaldistraat 2-8
Postbox 7984
1008 AD Amsterdam
The Netherlands

T +31 (0)20 301 03 91
F +31 (0)20 301 02 79
rj@rjnet.nl
www.rjnet.nl

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

Our ref	:	AdK
Date	:	Amsterdam, 15 January 2009
Direct dial	:	Tel.: (+31) 20 301 0391 / Fax: (+31) 20 301 0302
Re	:	Comment on Exposure Draft Amendments to IFRS 7 Debt Instruments

Dear members of the International Accounting Standards Board,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your Exposure Draft of Amendments to IFRS 7 on debt instruments.

Firstly, we would like to make a general comment. We understand that the present market conditions are an important reason for the publication of the proposed amendments to IFRS 7. However, as expressed in our comment letter relating to ED Amendments to IFRS 7 (fair value and liquidity risk disclosures) introducing such ad hoc amendments should be kept to a minimum. We are of the opinion that the required disclosures are a step into the direction of full fair value measurement of financial instruments. According to the ED the current proposals are based on input received during three public round-table meetings in November and December 2008. We believe that such a step should be based on a more fundamental and a more thorough analysis.

Secondly, we want to point to the fact that, especially for the insurance industry, the ED will give rise to irrelevant financial information, because only part of the balance sheet items are addressed in this exposure draft. Insurers basically hold investments to cover the insurance liabilities. There is a strong interrelationship between management of financial instruments and insurance liabilities. Requiring insurers to present additional information about results from investments according to various measurement models without taking into consideration the impact of changes in economic conditions (like interest rates) on the liabilities will only present the impact of de fair value changes of investments without presenting the related changes in the measurement of the liabilities. This, in our view implies unbalanced financial information. Besides that the ED only regards the debt instruments without considering other investments or without considering the impact of hedge accounting on the income statement.

Thirdly, the IASB has expressed earlier that the long-term objective is moving to a full fair value measurement model for financial instruments. We consider this proposal a step towards that model. As expressed earlier we do not agree with that model. Full fair value is unlikely to increase understandability especially for instruments that are neither traded in a liquid market nor held with the intention to trade, nor managed based on fair value. If an entity measures debt instruments at amortised cost we do not believe that an entity should be required to recalculate profit or loss as though all investments in debt instruments (other than those classified as at fair value through profit or loss) had been classified as at fair value through profit or loss. Therefore, we disagree with the proposed disclosures requirements.

Finally, if the IASB will finalize these proposals notwithstanding our comments we believe that the IASB should not require additional disclosure requirements for 2008 financial statements. We are of the opinion that possible new disclosure requirements should be effective at the earliest for annual periods starting on or after 1 January 2009.

Yours sincerely,

Hans de Munnik
Chairman Dutch Accounting Standards Board