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International Accounting Standards Board
30 Cannon Street
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Proposed amendments to IFRS 7 Financial Instruments: Disclosures.

Sir,

With great interest I have studied your Exposure Draft "Proposed amendments to IFRS 7 Financial Instruments: Disclosures". I highly appreciate the opportunity to provide you with my comments and suggestions and answering your questions, as follows:

1. The term "debt instrument" is not defined. Research op the IASB data base by means of the excellent tool provided by the IASB reveals that the term is only used in examples (e.g. IFRS 7 § 17; BC 17, 28, 29). In § 70 of IAS 39 the term is used in describing a requirement with respect to situations of assets being impaired and uncollectible. AG 26 of IAS 39 states that a quoted debt instrument is a financial asset that does not qualify as "loans and receivables". So, only indirectly it can be determined what might be meant by "debt instrument". I would suggest that the Board provides a definition.
2. The Basis of Conclusions barely provides any support for the Board's proposals. BC 2 states: "Some ... suggested disaggregating the impairment losses recognized" (oddly: in BC 4 it is not "some" anymore but "most" and in BC 7 the matter suddenly becomes an "urgent need"). But without any additional rationale the Board concludes in BC 6 to require the proposed disclosures, rather than following suggestions apparently made during the round table discussions. At least the Board should have made a reference to one or more of the principles of the Conceptual Framework and to the particular issues related to the global financial crisis the proposals intend to address.
3. I do appreciate the Board's initiative of the public round table discussions and the energetic way in which it has issued this ED; exceptional circumstances require exceptional measures! However, if adopted would the disclosure requirements be evaluated after say 2 or 3 years in order to determine whether they are still effectively addressing the (exceptional!) issues identified today? I would suggest that the Board develops and presents a policy on this question.
4. In the hopefully near future there will undoubtedly be reversals of impairment losses. Would it be a suggestion to anticipate this situation and explicitly include requirements for similar disclosures on reversal values?

5. Prescribing such detailed rules as the disclosures being presented in a tabular format and even outlining that format is far from consistent with a principle based system the Board claims IFRS is.

Although little rationale is offered for the proposed disclosure requirements, I believe that these disclosures will be supportive to comparability and understandability of financial reports. Accordingly, my answers to the questions raised in the ED are: Q1 – yes; Q2 – no; Q3 – yes; Q4 – yes; Q5 – yes; Q6 – yes.

Please note that the above views are my personal views, not the views of any of the organizations I am related to.

Sincerely Yours,

P.A. Pieterse van Wijck