FAR SRS
The institute for the accountancy profession in Sweden

International Accounting Standards Board
30 Cannon Street
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Exposure Draft of Proposed Amendments to IFRS 7 - Investments in Debt Instruments

FAR SRS, the Institute for the Accountancy Profession in Sweden, is responding to your invitation to comment on the *Exposure Draft on Proposed Amendments to IFRS 7 - Investments in Debt Instruments* (the ED).

Overall, FAR SRS strongly disagrees with the proposed amendments. FAR SRS has concerns *both* regarding the *process and the timetable* of developing these amendments, and the *content* (including the effective date). FAR SRS summarises its view in this cover letter, and refrains from answering each individual question put forward in the ED.

Process and timetable
FAR SRS understands that the current financial crisis has made it difficult for the IASB to adhere to the normal due process for amendments of standards. However, FAR SRS is questioning if the proposed amendments are of such importance to justify such a short comment period as 23 days. FAR SRS strongly recommends the IASB to undertake more extensive analysis and research before proposing additional disclosure requirements in this area.

Content
FAR SRS understands it is the IASB's view that the proposed disclosures may be based on information that is already required by IFRS 7 and thereby available to preparers of financial statements. However, FAR SRS is not convinced that this is the case for all entities. FAR SRS believes that for some entities, the proposed disclosures will require new information to be collected and analysed and new notes to be prepared. As the proposal requires adoption for 2008 calendar year-ends, this will result in entities needing to obtain additional information for their 2008 financial statements in a very short period of time. Some information could be difficult to compile with such a short notice, for instance determining the profit and loss impact of AFS debt instruments *as if* they were carried on an amortised cost basis.

Another aspect of this is also that the quality of the information presented by entities may suffer and this may lead to confusion rather than increasing comparability.

IAS 39 provides a number of categories regarding valuation and classification of financial instruments. Entities have different purposes with their respective financial instruments and

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make different judgments regarding how their instruments should be measured and presented. FAR SRS strongly disagrees with the "as if" disclosure requirements proposed in the ED. Once a category has been chosen, the disclosure requirements should follow that category. FAR SRS' view is that the proposed disclosure requirement may lead to "information overload" in the financial statements instead of leading to increased comparability which would make it more difficult for users of financial statements.

In addition, "as if" disclosures of pre-tax profit or loss do not take into account that if another IAS 39 categorisation had been made on initial recognition the entity would possibly also have entered into hedging activities or applied the fair value option on matching positions. i.e. the actual pre-tax profit or loss would probably have been completely different from the amount disclosed in compliance with paragraph 30 A.

If the IASB decides to proceed with the proposed amendments according to the timetable set out in the ED, FAR SRS recommends that the disclosures are not mandatory for 2008 financial statements. In addition, FAR SRS would like to emphasize that the category "Investment in a debt instrument" is not defined and it is consequently not clear how broad this category is. One specific issue is whether this category will include loans and receivables.

FAR SRS

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