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Sir David Tweedie
International Accounting Standards Board
First Floor, 30 Cannon Street
London EC4M 6XH
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DIRECTOR GENERAL

3 March 2003

Dear Sir David,

The fact that IASB have decided to hold public roundtable discussions on the proposal to amend IAS 32 and 39 causes me to send you this letter expressing the opinion of the Danish FSA on these important matters.

The Danish FSA is a fully integrated supervisory authority responsible for the supervision of all financial enterprises and it also serves as securities supervision in Denmark. The Danish FSA has the power to issue accounting rules for all financial enterprises under its supervision.

The rules for public financial reporting constitute a main pillar in the strategy of the Danish FSA for ensuring sound functioning of financial markets and for motivating sound business practices in the financial sector.

In general we support the amendments proposed in the exposure draft to IAS 32 and 39 published in June 2002 because we believe the amendments represent improvements to the present rules.

I would especially like to stress the importance of the proposed option to designate any financial instrument as an instrument that is measured at fair value and with changes in the fair value recognised in the profit and loss account.

In the Danish financial sector we have a long tradition of measuring financial assets at fair value without a distinction for measurement purposes between current financial assets and fixed financial assets. We believe that measurement of assets and liabilities should not be influenced by management's intention. Furthermore, it is our point of departure that fair values should be the relevant measurement basis in relation to the objectives of transparency and comparability of accounts and that fair values should be the only relevant measurement basis in relation to risk management.

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From this perspective we would certainly regard it as a step backward if this option to measure all financial instruments at fair value was removed from the proposal. As a consequence we would in the Danish financial sector be forced to return to a situation where financial assets should be measured according to whether it is intended to hold the asset to maturity or whether it is the intention to sell it before maturity.

We believe that we in Denmark have experience with fair value accounting that could be useful to take into account in the forthcoming public roundtable discussions. Therefore I kindly request for the opportunity to present and develop further on our views during those roundtable discussions.

Yours sincerely

Henrik Bjerre-Nielsen
Director General