

International Accounting Standards Board  
30 Cannon Street  
London  
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United Kingdom

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Submitted through the website: [www.iasb.org](http://www.iasb.org)

### **IASB ED/20011/3 – Mandatory Effective Date of IFRS 9**

Dear Sirs

I am writing on behalf of AFME (the Association for Financial Markets in Europe) to respond to the IASB's 4 August Exposure Draft ED/2011/3 – Mandatory Effective Date of IFRS 9 ("the ED"). AFME is, as you know, the principal European trade association for firms active in investment banking and securities trading; it was established in November 2009 as a result of the merger of LIBA (the London Investment Banking Association) and the European Branch of SIFMA (the US-based Securities Industry and Financial Markets Association), and thus represents the shared interests of a broad range of participants in the wholesale financial markets. We appreciate the opportunity to comment on this ED, which has significant implications for many of our members.

Our responses to the questions set out on page 5 of the ED are as follows:

**Q1 *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?***

**A.** We support the deferral of the effective date, as we believe it is important for entities to be able to apply IFRS 9 in its entirety rather than piecemeal. With continuing delays in completing some aspects of the project, it follows that the effective date for the new standard should be deferred accordingly. Given the complexities of the project and of the EU endorsement mechanism, however, we believe the IASB should not specify a mandatory effective date at this stage, but should instead commit to providing a minimum period of three years between completion of the standard and a requirement for mandatory application.

Notwithstanding the above, we support the Board's proposal to continue to allow entities to apply the requirements of the new standard before the mandatory effective date.

**Q2 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?**

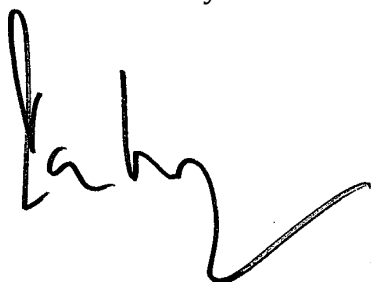
- A. We do not support the Board's proposal. IFRS 9 contains an exemption for the restatement of comparatives for entities that adopt early (the reasons for this are set out in the Basis for Conclusions for that standard: see BC7.21). By leaving the date of this exemption unchanged, the Board is effectively removing this exemption. We believe the exemption should be retained, and extended to cover all entities that elect to apply the standard before the mandatory effective date.

Notwithstanding the above, in the case where entities do need to comply with the comparative requirements, we suggest modifying the second sentence of Paragraph 7.2.1 of IFRS 9, which exempts "items that have already been derecognised at the date of initial application" from the general requirement for retrospective application. We are concerned that this exemption can create additional complexity for preparers who wish to calculate the comparative IFRS 9 figures in parallel in the last year of IAS 39 application, and therefore recommend that this exemption should be optional rather than mandatory.

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I hope the above comments are helpful. We would of course, as always, be pleased to discuss any points which you may find unclear, or where you believe AFME members might be able to assist in other ways.

Yours faithfully



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