

EXECUTIVE BOARD

P. Flynn  
Chief Financial Officer

Hans Hoogervorst, Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Subject

Date

**Exposure Draft ED/2011/3 – Mandatory Effective Date of IFRS 9** 21 October 2011

Dear Hans,

We appreciate the opportunity to comment on the Exposure Draft ED/2011/3 “Mandatory Effective Date of IFRS 9” as issued in August 2011 (the “ED”). This ED includes the proposal to defer the effective date of the completed parts of IFRS 9 from 1 January 2013 to 1 January 2015. We welcome the proposed deferral of the mandatory effective date, but have a number of related concerns. We have set out these concerns below, in response to the questions raised in the ED.

*Question 1: 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?*

We strongly support the proposal to defer the mandatory effective date of IFRS 9. We believe that, based on the current status of the various phases of IFRS 9 and of related projects (including IFRS 4 “Insurance Contracts”), the current effective date of 1 January 2013 is no longer realistic.

We therefore support the deferral, although we have concerns with setting the revised mandatory effective date at 1 January 2015. We are concerned that the proposed date may need to be deferred even further, in the near future, due to the following reasons:

- the dependency on the completion of the remaining phases of IFRS 9 (Impairment and Hedge accounting);
- the IASB’s intent to issue an IFRS exposure draft containing the proposals on financial instrument accounting, if and when developed for US GAAP, by the FASB; and
- the linkage with the effective date for the anticipated replacement of IFRS 4.

Amstelveenseweg 500, 1081 KL Amsterdam, The Netherlands  
P.O.Box 810, 1000 AV Amsterdam  
T +31 20 5415424 F +31 20 5418570  
E [patrick.flynn@ing.com](mailto:patrick.flynn@ing.com)

ING Groep N.V., registered office Amsterdam  
Trade Register no. 33231073 Amsterdam

We therefore ask the IASB to clarify immediately that the current effective date of 1 January 2013 is no longer valid, whilst at the same time consider in more detail what a realistic revised effective date would be. Such realistic revised effective date should be not earlier than two years after the date of completion of all phases of IFRS 9 and the replacement of IFRS 4 (provided that no restatement comparatives is required as set out below).

*Question 2: 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?*

We strongly disagree with the proposal to continue requiring comparatives on the transition to IFRS 9. We do not believe that full retrospective application of the requirements in IFRS 9 would result in useful comparative information for investors. There are already several exceptions to the retrospective application in the currently finalised IFRS 9 (such as with regard to defining the business model and classification decisions at the initial date of application). Further exceptions to the retrospective application may be expected in the remaining phases of IFRS 9 (Impairment and Hedge accounting) and in the replacement of IFRS 4 in order to enhance the operability of the implementation as well as to manage the impact of hindsight information. Finally, the retention of IAS 39 classification and measurement for items derecognised prior to the initial application of IFRS 9 results in a non-comparable mixture of IAS 39 and IFRS 9 information in the comparatives.

As a result, we do not believe that providing comparatives on transition to IFRS 9 provides useful information for investors, nor that the benefits outweigh the related significant costs.

We note in this respect that the upcoming implementation of IFRS 9 and the replacement of IFRS 4 is very similar to the implementation of IAS 39 and IFRS 4 Phase 1 in the EU in 2005. In that implementation, companies were provided with the option of a modified retrospective implementation, i.e. retrospective application with the transitional impact recognised in equity, without presenting restated comparatives. We believe that this option should also be available for the upcoming implementation of IFRS 9 and replacement of IFRS 4.

Finally, we note that the issue of providing comparatives cannot be seen independently from the issue of the mandatory effective date. As set out above, we believe that the revised mandatory effective date should be not earlier than two years after the date of completion of all phases of IFRS 9 and the replacement of IFRS 4, provided that no restatement of comparatives is required. Should comparatives be required, this would result in a further deferral of the mandatory effective date of at least another two years.

Please do not hesitate to contact us to discuss the above further.

Yours truly,

