

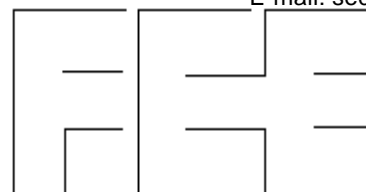
Date

Le Président

8 November 2004

Fédération  
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Email: [commentletters@iasb.org.uk](mailto:commentletters@iasb.org.uk)

Dear Sir David,

Re: Exposure Draft of Proposed Amendments to IAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities

FEE (Fédération des Experts Comptables Européens – European Federation of Accountants) is pleased to submit its comments on the IASB Exposure Draft of Proposed Amendments to IAS 39 on Transition and Initial Recognition of Financial Assets and Financial Liabilities.

FEE as a founding organisation of EFRAG has also contributed to the EFRAG consultation process by submitting our views on their preliminary comments. This response should be read in conjunction with the response submitted by EFRAG. This explains the late submission of our letter. Where we are in agreement with the EFRAG comments we refer to their comments, where we are in disagreement our own views are put forward.

### **Question 1**

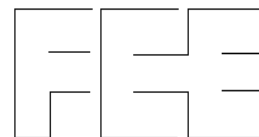
*Do you agree with the proposals in this Exposure Draft? If not, why not? What changes do you propose and why?*

We welcome the Exposure Draft. We appreciate that the option to apply the 'day 1' gain or loss recognition requirements in paragraph AG 76 prospectively to transactions entered into after 25 October 2002 will allow entities to eliminate any difference with US GAAP. From a European viewpoint, this date is arbitrary. The date is not of crucial importance. We would suggest to apply this paragraph AG 76 as from any date prior to 1 January 2005, the effective date of application of IAS 39. In our opinion, the availability of data (or the lack thereof) will be the driving force in the determination of a date to apply the retrospective application of the 'day 1' gain or loss recognition.

We support the clarification given in paragraph AG 76A and BC 16 on the subsequent measurement of financial asset or liability. The subsequent recognition of gains and losses should be consistent with the requirements in IAS 39.

### **Question 2**

*Do the proposals contained in this Exposure Draft appropriately address the concerns set out in paragraph 5 of the Background on this Exposure Draft? If not, why not and how would you address those concerns?*



We agree that the proposals address appropriately the difficulties to apply retrospectively the 'day 1' gain or loss recognition requirements. As stated in Question 1, we would favour an option to apply the requirements prospectively to transactions entered into at any date prior 1 January 2005, provided that the information was available at the time of initial recognition of the transaction. In this way, the requirements are similar to US GAAP without introducing an arbitrary date that has no meaning for most of the users of IAS 39, especially in Europe.

**Question 3**

*Do you have any other comments on the proposals?*

No.

We would be pleased to discuss any aspect of this letter with you.

Yours sincerely,

David Devlin  
President