



Deloitte Touche Tohmatsu
Hill House
1 Little New Street
London EC4A 3TR
United Kingdom

Tel: National +44 20 7936 3000
Direct Telephone: +44 20 7007 0907
Direct Fax: +44 20 7007 0158
www.deloitte.com
www.iasplus.com

June 2007

Robert Garnett, Chairman
International Financial Reporting Interpretations Committee
30 Cannon Street
London EC4M 6XH

Email: ifric@iasb.org

Dear Bob,

IAS 39 *Financial Instruments: Recognition and Measurement* – Scope of paragraph 11A

Deloitte Touche Tohmatsu is pleased to respond to IFRIC's publication in the May 2007 *IFRIC Update* of the tentative decision not to take onto the IFRIC agenda a request for an interpretation on whether the fair value option can be applied to all contractual arrangements with one or more embedded derivatives.

We support the IFRIC's decision not to take this item onto the agenda and the conclusion included in the draft rejection notice. The fair value option is an allowance within IAS 39, not an allowance that exists throughout all IFRSs. To allow paragraph 11A to apply for all contractual arrangements would mean that one paragraph within one standard would override all measurements requirements in all standards! This would run contrary to the scope paragraphs of those other standards. The fair value option under paragraph 11A is an allowance for hybrid contracts containing financial host contracts and certain embedded derivatives to be fair valued through profit or loss.

If you have any questions concerning our comments, please contact Ken Wild in London at +44 (0) 207 007 0907.

Sincerely,

Ken Wild
Global IFRS Leader

cc: Tricia O'Malley, IFRIC Coordinator