

Mr Robert Garnett
Chairman
International Financial Reporting Interpretations Committee
30 Cannon Street
London
United Kingdom
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Email: ifric@iasb.org

11 February 2010

Dear Mr Garnett,

Tentative agenda decision: IAS 32 *Financial Instruments: Presentation* - Shareholder discretion

Deloitte Touche Tohmatsu is pleased to respond to the IFRIC's publication in the January 2010 IFRIC Update of the tentative decision not to take onto the IFRIC's agenda a request for an Interpretation of IAS 32 *Financial Instruments: Presentation* with respect to providing guidance on whether a financial instrument in the form of a preference share that includes a contractual obligation to deliver cash is a financial liability or equity, if the payment is at the ultimate discretion of the issuer's shareholders.

We disagree with the IFRIC's decision not to take this item onto its agenda as well as the IFRIC's reasons stated. We continue to believe that the question of shareholder discretion relates to the fundamental definition of the reporting entity and the distinction between the reporting entity and its owners. Based on observations of the Board's progress, it appears unlikely that the issue of shareholder discretion is to be addressed within the Board's current project on *Financial Instruments with Characteristics of Equity*. Further, we note the *Financial Instruments with Characteristics of Equity* project is still in its infancy and is unlikely to be effective before January 1, 2013 at the earliest. In our view the time is sufficiently long for the IFRIC to develop an interpretation and for the interpretation to be effective in order to address the current divergence in practice.

For these reasons, we urge the IFRIC to take the project onto its agenda.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0)20 7007 0884.

Yours sincerely,



Veronica Poole
Global IFRS Leader - Technical