



## Accounting Standards Board

Aldwych House, 71-91 Aldwych, London WC2B 4HN

Telephone: 020 7492 2300 Fax: 020 7492 2399

[www.frc.org.uk/asb](http://www.frc.org.uk/asb)



Sue Lloyd  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH

30 September 2011

Dear Sue

### ***IASB ED Mandatory Effective Date of IFRS 9***

This letter sets out the comments of the UK Accounting Standards Board (ASB) on the IASB Exposure Draft (ED) *Mandatory Effective Date of IFRS 9*.

The ASB supports deferral of the effective date of IFRS 9 to 1 January 2015. We agree that the IASB's constituents should be able to implement the full IFRS 9 package at the same time. Furthermore, as standards on impairment and macro hedge accounting are not yet complete it is unlikely that IFRS 9 would be endorsed for use in the EU by 1 January 2013.

Our detailed responses to the questions in the ED are included in the Appendix to this letter. However, we would suggest that the IASB consider the following before finalising the effective date:

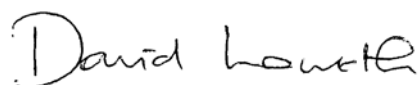
- a) *Implementation* – we consider that the impairment phase could take the longest time to implement. Therefore, we would recommend that the IASB considers the transition requirements and the practical aspects of forthcoming phases of the project to make it easier for entities to implement IFRS 9 within the proposed timeframe.
- b) *Alignment with IFRS 4 Insurance Contracts Phase II* – Whilst it would be desirable for the effective date of IFRS 9 to be aligned with the effective date of IFRS 4, we do not believe that the effective date of IFRS 9 should be held back by IFRS 4 if that project is delayed.

- c) *Convergence* – We believe that convergence is desirable but the IASB project should not be held back where there continue to be differences with the FASB.

We believe that the phases of IFRS 9 that are complete or nearing completion represent an improvement to the current requirements under IAS 39 *Financial Instruments: Recognition and Measurement*. Therefore, a delay in issuing the complete standard beyond 2012 would be undesirable and in a European context would have a consequential impact on the endorsement process.

If you would like to discuss these comments, please contact Deepa Raval on 020 7492 2424.

Yours sincerely

A handwritten signature in black ink that reads "David Loweth". The signature is written in a cursive, slightly informal style.

**David Loweth**  
**Technical Director**

DDI: 020 7492 2420

Email: [d.loweth@frc-asb.org.uk](mailto:d.loweth@frc-asb.org.uk)

## Appendix: responses to questions set out 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?

Yes. The ASB supports deferral of the effective date of IFRS 9 to 1 January 2015 for the reasons set out in our covering letter. That said, we believe that the IASB should consider practical implementation of IFRS 9, in particular, the transition requirements of the forthcoming impairment and macro hedge accounting phases of the project to make it easier for entities to implement IFRS 9 within the proposed timeframe.

### 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?

No. If the effective date is amended to 1 January 2015, this would require comparatives to be presented for 1 January 2014. Assuming that the full IFRS 9 package is available during 2012, entities would have less than two years before the transition date to collect the information required for comparatives on phases of the project where the Standard is not yet available. This is assuming that retrospective application is required for those phases.

We note that the transition requirements in IFRS 9 (2010) are complex and inconsistent across various phases of the project (classification and measurement requires retrospective application, whereas hedge accounting requires prospective application) which can impair comparability. As noted in our response to Question 1 above, we believe that the IASB should consider the transition requirements as a whole to ease the implementation process.