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Accounting & Tax Committee  
Japan Foreign Trade Council, Inc.

To the International Accounting Standards Board

Comments on “Mandatory Effective Date of IFRS 9”

The following are the comments of the Accounting & Tax Committee of the Japan Foreign Trade Council, Inc. (JFTC) made in response to the solicitation of comments regarding the International Accounting Standards Board Exposure Draft “Mandatory Effective Date of IFRS 9”. The JFTC is a trade-industry association with trading companies and trading organizations as its core members, while the principal function of its Accounting & Tax Committee is to respond to developments in domestic and international accounting standards. (Member companies of the Accounting & Tax Committee of JFTC are listed at the end of this document.)

**I. General Comments**

We support the policy of mandating the application of IFRS 9 using the same effective date for all elements, thereby replacing IAS 39 in its entirety. This should be preceded by the resolution of outstanding issues relating to convergence with the FASB, such as impairment accounting.

Preparers of IFRS financial statements are going forward with preparations for revisions of standards in accordance with project timetables announced by the IASB. Therefore, revisions of standards should not be significantly delayed, and it would be desirable to move forward according to the previously announced plans.

Regarding the mandatory effective dates of IFRS 9 (*Impairment*) and IFRS 9 (*Hedge Accounting*) that are to be announced later, we request that the points indicated below be taken into consideration.

**II. Specific Issues (Comments on Questions)**

**Question 1**

The intention of the proposal is to have a single effective date for all phases of the project to replace IAS 39. Given also that early application continues to be permitted, we support the revision proposed in the Exposure Draft. However, we request that no further change be made in the effective date.

## Question 2

If the mandatory effective date is to be delayed, we request that relief from providing comparatives by entities opting for early application also be extended by two years.

[Regarding mandatory effective dates of IFRS 9 (*Impairment*) and IFRS 9 (*Hedge Accounting*) to be announced later]

We request that the following points be taken into consideration.

- The Exposure Draft provides as follows. An entity opting for early application of IFRS 9 (2010) is required to elect early application of IFRS 9 (2009) that was published earlier. On the other hand, an entity opting for early application of IFRS 9 (2009) does not necessarily have to simultaneously elect early application of IFRS 9 (2010) that has already been published.

We request that the same treatment be applied to IFRS 9 (*Impairment*) and IFRS 9 (*Hedge Accounting*) that are to be published in the future, so that an entity opting for early application of IFRS 9 (2009) will not be required to simultaneously elect early application of IFRS 9 (*Impairment*) and IFRS 9 (*Hedge Accounting*). Furthermore, because this treatment is extremely important for preparers of financial statements preparing for the first-time application of IFRS, we request that the policy on this matter be finalized before the publication of IFRS 9 (*Impairment*) and IFRS 9 (*Hedge Accounting*).

- Regarding IFRS 9 (*Impairment*) and IFRS 9 (*Hedge Accounting*), from the perspective of promoting early application of IFRS 9 in its entirety and reducing the administrative burden of its application, we strongly request the adoption of the same relief measures as IFRS 9 (2009) and IFRS 9 (2010) pertaining to restatement of comparative periods.

We take this position because we believe that for preparers of financial statements preparing for the first-time application of IFRS, retroactive application to comparative periods will entail serious difficulties in the following specific areas. With regard to IFRS 9 (*Impairment*) retroactive measurement will prove to be difficult in certain cases. With regard to IFRS 9 (*Hedge Accounting*), entities would be required to prepare documentation in advance (documentation beginning at the start of the comparative period) in accordance with the new standard.

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