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October 12, 2011

**Re: IASB Exposure Draft ED/2011/3: Mandatory Effective Date of IFRS 9**

Dear Mr Hoogervorst,

Commerzbank Aktiengesellschaft appreciates the opportunity to comment on the IASB's Exposure Draft ED/2011/3 Mandatory Effective Date of IFRS 9 issued in August 2011 (the "ED").

Commerzbank is a leading bank for private and corporate customers in Germany. The bank serves more than 14 million private clients as well as one million business and corporate clients worldwide.

Our detailed responses to the questions in the ED can be found in the Appendix to this letter. The key points are:

- We generally agree to the proposed postponement in the mandatory effective date of IFRS 9.
- However, we have a strong concern on whether 01.01.2015 is a reasonable effective date, considering the fact that two of the three phases of IFRS 9 are still not finalised (and are expected not to be finalised in a short-time frame) and that the retrospective implementation of the standard will require at least a period of three years.
- Because of the interdependencies between the three phases of IFRS 9 starting the implementation of the standard is very problematic so long as the projects on impairment and hedge accounting are still open. Therefore, we encourage the IASB to finalize the outstanding phases of IFRS 9 in a timely manner.
- Adopting prospective application for IFRS 9 would avoid unnecessary complexity and could help to reduce the burden in implementing the standard. Should a retrospective application be required, we suggest that assets which have already been derecognised at the date of initial application should be calculated for comparative figures under IFRS 9 rules rather than IAS 39.

Our views expressed in this comment letter may be subject to change at a later stage as and when we obtain a more complete picture of the entire project on the accounting for financial instruments to replace IAS 39 with IFRS 9.

We thank the Board for considering our comments and would be pleased to meet with the Board or its staff at your convenience to discuss our concerns raised in this comment letter.

Kind regards,

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COMMERZBANK  
Aktiengesellschaft



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Hermann Rave  
Head of Group Accounting



Dr. Patrick Kehm  
Head of Accounting Principles

**Appendix****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?

We agree to the proposed postponement in the mandatory effective date of IFRS 9.

As explained in our comment letter to the IASB's "Request for Views on Effective Date and Transition Methods" we estimate that the implementation of IFRS 9 would require a period of at least 3 years after its finalisation. Because the IASB had originally announced to finalise IFRS 9 by the end of June 2011, we had proposed 01.01.2015 as a reasonable effective date.

However, as the current situation shows in October 2011, the IFRS 9 phases on impairment and hedge accounting have yet to be finalised, and we even understand that the IASB project plan does not have a final target date for their completion. Additionally, the endorsement process by the EU, which is a fundamental requirement before IFRS 9 can be applied in Europe, would require a significant period of time as well.

Considering all these aspects together, we have a strong concern on whether 01.01.2015 is an appropriate effective date that will give entities enough time for the implementation of IFRS 9. It is our belief that the setting of a fixed effective date should come only after the finalisation of the standard. Hence, we recommend IASB to focus first on the development of reasonable accounting rules for IFRS 9 and only after their completion set the effective date, which should be at least three years after the finalisation of the entire project.

**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?

We understand that the retrospective application of revised accounting rules is the preferred methodology of the IASB because it allows users of financial statements to easily compare previous period.

But, on the other hand, the retrospective application is in many cases very burdensome for preparers as it requires a significant amount of time and expenses to obtain the comparative figures. Therefore, allow-

ing a prospective application instead would assist in meeting the effective date as of 01.01.2015 that is being proposed by the IASB. Such a prospective approach has been used in the past when IAS 39 was introduced, without any known negative consequences.

However, if the IASB continues to stipulate a retrospective application we suggest changing the part on IFRS 9.7.2.1 regarding the rule that the standard shall not be applied to items that have already been derecognised at the date of initial application. This rule, which appears to be a simplification of the full retrospective application of IFRS 9, creates in fact additional complexity for those preparers who would like to parallel calculate in the last year of IAS 39 application the comparative figures for IFRS 9. We, therefore, recommend changing this rule to an option.