

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

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## **ED/2009/9 Classification of Rights Issues**

FAR SRS, the Institute for the Accountancy Profession in Sweden, is responding to your invitation to comment on the Exposure Draft *ED/2009/9 Classification of Rights Issues*.

FAR SRS welcomes the efforts of IASB to respond to critical accounting issues that have their origin in the global financial crises in the form of short term projects. These short term projects mean that issues can be temporarily addressed while the more fundamental changes in standards can be handled in the long term projects.

The proposal in the Exposure Draft is a temporary solution in the short term. However, in FAR SRS' view, the scope should be widened to incorporate all the instruments that in substance are the same. If an exception is made from the current fixed-for-fixed requirement all the transactions which in substance are the same should be included. Otherwise it is a rule-based solution and not a principle-based one. The proposal is too form-oriented. FAR SRS believes that the scope should be widened to include convertible bonds, share warrants and written call options on treasury shares. Especially convertible bonds issued in other currencies than the issuing entity's functional currency are frequently issued in practice and may give rise to the similar effects as rights issues. FAR SRS does not agree with the Board's rationale and conclusion to restrict the application of the amendment to pro rata offerings to all existing owners. Apart from this there are more fundamental issues to be dealt with in the long-term project. All these concerns, both the short-term and the long-term, are addressed in the following appendix.

FAR SRS' responses to the questions raised by the IASB are set out in appendix 1.

FAR SRS

Göran Arnell  
*Chairman FAR SRS Accounting Working Party*