

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
UK

Oslo, September 7<sup>st</sup>, 2009

Dear Sir/Madam

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

Norsk RegnskapsStiftelse (the Norwegian Accounting Standards Board) is pleased to comment on the Exposure Draft on *Classification of Rights Issues (proposed amendments to IAS 32)*. Please find our comments to the questions in the order suggested by you in the appendix to this letter.

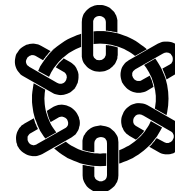
In Norway we have a significant number of entities that are listed in a currency that differ from the functional currency of the parent entity. We thus welcome the proposed limited adjustment of the definition of equity. Although we would have preferred to see a more principle based solution to the debt equity issue, we do, as a beneficial short term solution, support the limited scope proposed solution.

As the Board is having the debt equity project on its active agenda, we do in this instance consider a fast limited scope change to be of more importance than a slightly more extended scope change that takes longer time to complete.

Please do not hesitate to contact us if you would like to discuss any specific issues addressed in our response, or related issues, further.

Yours faithfully,

Erlend Kvaal  
**Chairman of the Technical Committee on IFRS of Norsk RegnskapsStiftelse**



## **Appendix – NRS’ responses to the questions asked in the ED/2009/9**

### **Question 1 – Specifying the characteristics of the rights issue**

*The proposed amendment applies to instruments (rights) to be offered pro rata to all existing owners of the same class of equity instruments and the exercise price to be a fixed amount of cash in any currency.*

*Do you agree with the proposal to limit the amendment to instruments with these characteristics? If not, why? Are there any other instruments that should be included and why?*

We agree with the proposal to limit the amendments to rights to be offered pro rata to all existing owners of the same class of equity instruments and the exercise price to be a fixed amount of cash in any currency.

We consider that the suggested scope includes embedded derivatives in convertible bonds that are offered pro rata to all existing owners of the same class of equity instruments.

### **Question 2 – Specifying the currency of the exercise price**

*The proposed amendment specifies that the fixed amount of cash the entity will receive can be denominated in any currency. If that currency is not the entity’s functional or reporting currency, the proceeds it receives from the issue of its shares will vary depending on foreign exchange rates.*

*Do you agree with the proposal to permit an entity to classify rights with the characteristics set out above as equity instruments even when the exercise price is not fixed in its functional or reporting currency? If not, why?*

We agree with the proposal.

### **Question 3 – Transition**

*The proposed change would be required to be applied retrospectively with early adoption permitted.*

*Is the requirement to apply the proposed change retrospectively appropriate? If not, what do you propose and why?*

We propose that the requirement to be applied prospectively to avoid entities to have to go back to identify pre IFRS functional currencies and reclassifications between retained earnings (changes in fair value of previous issues rights while outstanding) and paid in capital.