

Bundesverband dt. Banken | Postfach 040307 | 10062 Berlin

Mr Hans Hoogervorst  
Chairman  
International Accounting  
Standards Board  
30 Cannon Street  
LONDON EC4M 6XH  
GROSSBRITANNIEN

Kontakt: Ingmar Wulfert  
Telefon: +49 30 16 63 21 20  
E-Mail: [ingmar.wulfert@bdb.de](mailto:ingmar.wulfert@bdb.de)

AZ DK: IASB  
AZ BdB: H 3.9

## Exposure Draft ED/2011/3 "Mandatory Effective Date of IFRS 9"

21. Oktober 2011

Dear Mr Hoogervorst,

Thank you for the opportunity to comment on exposure draft "ED/2011/3: Mandatory Effective Date of IFRS 9". We basically welcome the IASB's proposal to postpone mandatory application of IFRS 9 until 2015. It will be essential, however, to finalise the outstanding phases of IFRS 9 (impairment and hedge accounting) without delay so that all three phases of IFRS 9 can be applied simultaneously from 1 January 2015 as planned.

Our replies to your questions are as follows:

### 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 support the IASB's proposal to make the application of IFRS 9 mandatory only from 2015. Entities will need the period until then to implement the new requirements adequately. We welcome the objective of enabling initial application of all three phases of IFRS 9 at the same time. To achieve this, however, it will be necessary to finalise phases 2 (impairment) and 3 (hedge accounting) in the very near future.

In the event of further delays in completing IFRS 9, we would urge the IASB to postpone the mandatory effective date since it will not be feasible to implement the new requirements properly in a period of less than 36 months. Such a postponement would, moreover, give the IASB an opportunity to develop a high-quality standard on this extremely complex issue while ensuring that users had sufficient time for its implementation.

Federführer:  
Bundesverband deutscher Banken e. V.  
Burgstraße 28 | 10178 Berlin  
Telefon: (030) 1663-0  
Telefax: (030) 1663-1399  
[www.die-deutsche-kreditwirtschaft.de](http://www.die-deutsche-kreditwirtschaft.de)

## 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?**

To reduce the implementation burden on entities, the new requirements should be applied prospectively only, in our view. If retrospective application is required, however, we would suggest modifying the transitional arrangements as follows.

The transitional arrangements were designed by the IASB with the aim of simplifying initial application. In consequence, they differ from the full retrospective application normally required for new standards and by IAS 8. For financial institutions in particular, however, they will not bring the intended relief, but will actually result in a significant increase in complexity since IT systems can only operate on the basis of either IAS 39 or IFRS 9 requirements during the comparative period. Parallel implementation of the two standards is not feasible. Furthermore, it is not possible – or would require excessive time and effort – to designate transactions retroactively depending on the date of their derecognition from either an IAS 39 or IFRS 9 system and subsequently combine them for inclusion in the accounts. This mixing of “old” and “new” requirements would also be extremely problematic to communicate to shareholders, rating agencies and other users of financial statements.

For these reasons, we would argue in favour of granting entities the option of applying IFRS 9 retrospectively for the purposes of presenting comparatives.

The plan to make the mandatory date of initial application the beginning of the period in which financial statements are prepared using the new requirements for the first time presents another difficulty in switching to IFRS 9.

The timing of this initial application determines the allocation of financial instruments to the IFRS 9 measurement categories, which then have to be applied retrospectively. As a result, instruments will only be able to be categorised provisionally on the opening balance sheet date (1 January of the comparative year) and the categorisation will have to be checked and adjusted at the time of initial application. This will necessitate double programming of IT systems.

With this in mind, we believe it would make better sense to allow entities the option of allocating instruments to IFRS categories on the basis of the situation either on the opening balance sheet date (1 January of the comparative year) or at the time of initial application.

Yours sincerely,  
on behalf of the German Banking Industry Committee  
Association of German Banks



Dirk Jäger



Ingmar Wulfert