

October 21, 2011

International Accounting Standards Board
30 Cannon Street, 1st Floor
London, EC4M 6XH
United Kingdom

Dear Board Members:

Re: Request for Views – “Mandatory Effective Date of IFRS 9”

The Canadian Bankers Association¹ (CBA) appreciates the opportunity to comment on the International Accounting Standards Board's (IASB) Request for Views concerning “Mandatory Effective Date of IFRS 9”.

We welcome the Board's proposal to amend IFRS 9 (2009) and IFRS 9 (2010) which would require entities to apply these standards for annual periods beginning on or after 1 January 2015. As was indicated in our letter dated January 31, 2011, regarding “Effective Dates and Transition Methods”, we strongly support the deferral of the mandatory effective date to 1 January 2015.

Our support for the extension of the effective date is based on two assumptions. Firstly, all significant financial instruments guidance, including impairment, hedging and macro-hedging will need to be re-exposed and completed by January 1, 2013. Any delay in the re-exposure of IFRS 9 will have consequences on the appropriateness of an effective date of 1 January 2015, as sufficient time would be required to review the final standard. Secondly, at least two full years would be required after the re-exposure date of IFRS 9, for preparers to compile and capture comparative information for retrospective adoption.

We maintain the view that some of the forthcoming changes to the standards are pervasive, impacting multiple financial statements items, financial reporting systems and processes. These changes will require significant implementation time and effort. Deferring the effective date to 1 January 2015 will give Canadian banks a reasonable period of time between the initial conversion of IFRS in 2011/2012 and the subsequent adoption of the new standards.

¹ The Canadian Bankers Association works on behalf of 52 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 267,000 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada's economy. The Association also promotes financial literacy to help Canadians make informed financial decisions and works with banks and law enforcement to help protect customers against financial crime and promote fraud awareness. www.cba.ca.

Significant accounting changes to components of IFRS 9 are being considered by the IASB, specifically impairment, hedging and macro-hedging. Due to the complexity and pervasiveness of these changes to the banking industry, an effective date of 1 January 2015 for IFRS 9, will allow for a more holistic and streamlined implementation strategy.

Canadian banks strongly support a converged single set of accounting standards. We believe that the extension of the effective date would support the convergence initiative by IASB and FASB on classification and measurement, including impairment, hedging and macro-hedging components of the standard. In the Exposure Draft, the Board themselves have noted that a deferred mandatory date is necessary due to delays in the various phases of the replacement project, as well as the preference for having a single effective date for all standards.

With respect to the second question in the Exposure Draft about requiring comparatives to be restated for early adopters of IFRS 9, we agree with the Board's proposal for comparatives to be presented for entities that apply IFRS 9 for reporting periods beginning on or after 1 January 2012. As indicated in the Exposure Draft's Basis of Conclusion, comparative relief was initially provided due to the short time frame between issuance and adoption of IFRS 9. These practicability considerations are less applicable for entities adopting on or after 1 January 2012.

While we do not expect to early adopt IFRS 9, we support the view that the option for early adoption should be available to preparers of financial statements. In particular, where standards are related and do not have the same effective dates, early adoption would help ease the burden of change for entities that are not impacted by all the changes and are prepared to move forward.

Although in general, we are in agreement with retrospective application, we would like to highlight that strong consideration should be given to the following areas:

- For certain areas like impairment (in the context of loan loss provisioning) and hedge accounting, we believe that a prospective approach is more appropriate due to practical considerations.
- Certain transitional provisions in the standard limit full retrospective application. For these areas, further clarity on the retrospective application for comparative periods would be helpful.

If you have any questions concerning our comments or suggestions, we would be pleased to discuss them with you.

Sincerely,

A handwritten signature in blue ink, appearing to be "B. H. H.", is written over a faint, light blue horizontal line.