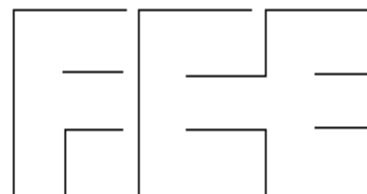


Date
17 May 2005

Le Président

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Stig Enevoldsen
Chairman
EFRAG Technical Expert Group
Avenue des Arts 41
B - 1000 Brussels

cc: Svetlana Boysen

Dear Mr. Enevoldsen,

Re: Draft Endorsement Advice on Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Cash Flow Hedge Accounting of Forecast Intragroup Transactions

FEE (European Federation of Accountants, Fédération des Experts Comptables Européens) supports the EFRAG draft letter to Dr. Alexander Schaub recommending the adoption of the amendments to IAS 39 Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions as published by the IASB on 14 April 2005.

However we suggest to make one change to the detailed wording of the letter, in the first bullet point at the bottom of page one of the draft EFRAG letter. It seems to indicate that the previous solution was more principle-based. We have concerns to open at this stage the discussion on principle-based standards. Moreover we doubt whether the current amendment is less principles-based. A solution for cash flow hedge accounting of forecast transactions requires an exemption from either the principle (in IAS 21) in respect of functional currencies or the principle (in IAS 39 and IAS 27) that intragroup transactions are to be eliminated on consolidation. We agree with EFRAG that the solution chosen is less complex and reflects how many companies hedge their foreign currency risk. We therefore suggest the deletion of the words "principle-based".

We would be pleased to discuss with you any aspect of this letter which you may wish to raise with us.

Yours sincerely,

David Devlin
President

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