

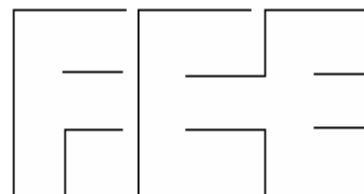
Date

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19 October 2007



Mr. Robert Garnett
Chairman
IFRIC
30 Cannon Street
GB- London EC4M 6XH

E-mail: commentletters@iasb.org

Dear Mr. Garnett,

Re: IFRIC D22 Hedges of a Net Investment in a Foreign Operation

FEE (Fédération des Experts Comptables Européens, European Federation of Accountants) is pleased to submit its views on the IFRIC Draft interpretation D22.

We agree that there is a need for an interpretation on the accounting for hedges of a net investment in a foreign operation, in particular that guidance is necessary on the nature of the hedged risk for which a hedging relationship may be designated and where in a group the hedging instrument can be held.

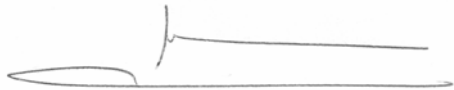
We agree with the draft interpretation that:

- The hedged risk should be the difference between the functional currencies of the parent entity and its foreign operation and not the difference between the presentation currency of the parent entity's financial statements and the functional currency of the foreign operation. There is consensus to support the arguments for this conclusion as presented in the BC 12 and BC 13;
- The hedged risk may include foreign exchange differences between the functional currency of the foreign operation and any intermediate or ultimate parent entity. There is consensus to support this on the basis that the consolidation method adopted (step-by-step or direct method) should result in the same net investment hedge;
- The hedging instrument(s) may be held by any entity within the group, regardless of its functional currency. There is consensus to support this, in particular to support hedge accounting in groups that chose to centralize their treasury operations.

We support the issue detailed in paragraph 3 of the EFRAG draft comment letter (as issued on 18 September 2007) and we also believe it would be useful to state clearer that there is a need for clarification on how to determine the effective and ineffective portions of the hedge to be included in equity and profit or loss respectively. While it is clear that this split will depend on where the hedging instrument is held, there is not sufficient guidance on how the allocation between the effective and the ineffective portions should be determined. We believe that this issue should be addressed by IFRIC to enhance the guidance offered in the draft interpretation.

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

Yours sincerely,

A handwritten signature in dark ink, consisting of a stylized 'J' followed by a horizontal line and a small upward stroke.

Jacques Potdevin
President