



3 March 2009

Sir David Tweedie
Chairman
IASB
30 Cannon Street
London EC4M 6XH
United Kingdom

E-mail: commentletters@iasb.org

Ref.: BAN/HvD/SS/LF/SH

Dear Sir David,

Re.: FEE Comments on IASB Exposure Draft of proposed amendments to IFRIC 9 and IFRIC 16

- (1) FEE (the Federation of European Accountants) is pleased to provide you below with its comments on the IASB Exposure Draft of proposed amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (the "ED").
- (2) As a founding organisation of EFRAG, we have also contributed to the EFRAG consultation process by submitting the FEE comments on EFRAG's Draft Comment Letter issued by EFRAG on 9 February 2009. EFRAG has issued its final comment letter on 2 March 2009. We have considered the EFRAG Final Comment Letter in our response and made reference to the EFRAG comments where relevant.
- (3) In general, we support EFRAG's comments and agree with the proposed amendments to IFRIC 9 and IFRIC 16 in the ED.



- (4) Like EFRAG, we have some concerns regarding the proposal on the effective date of the proposed amendments to IFRIC 16 in that designating hedge accounting based on a date in the past is not in conformity with the contemporaneous designation requirements under the hedge accounting rules in IAS 39. Further guidance is needed on how entities could avail of the backdating in a manner that would be considered in accordance with IFRS.

Our responses to the questions in the Invitation to comment of the ED are included as an Appendix to this letter.

For further information on this letter, please contact Ms Saskia Slomp from the FEE Secretariat.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Hans van Damme', written over a horizontal line.

Hans van Damme
President



Appendix

Responses to the questions in the Invitation to comment of the IASB Exposure Draft of proposed amendments to IFRIC 9 and IFRIC 16

Proposed amendment to IFRIC 9 *Reassessment of Embedded Derivatives*

Question 1 – Amendment arising from IFRS 3 (as revised in 2008)

The Board proposes to amend paragraph 5 of IFRIC 9 to exclude from its scope embedded derivatives in contracts acquired in combinations of entities or business entities under common control and in the formation of joint ventures.

Do you agree with the proposal? If not, why?

- (5) Like EFRAG, we agree with the proposal to amend paragraph 5 of IFRIC 9 to ensure that (i) the scope of IFRIC 9 remains the same as it was before the IASB changed the definition of a business combination in the revised IFRS 3 Business Combinations, and (ii) embedded derivatives in contracts acquired in combinations of entities or business entities under common control and in the formation of joint ventures remain outside the scope of IFRIC 9.
- (6) In addition, we support EFRAG's proposals (in paragraphs 3 and 4 of its final comment letter) that it would be consistent to exclude acquisitions of associates, in addition to the formation of joint ventures and some common control transactions, from the scope of IFRIC 9 as a consequential amendment arising from the revisions to IFRS 3.

Question 2 – Effective date

The proposed amendment to IFRIC 9 would be effective for annual periods beginning on or after 1 July 2009 with prospective application, and would require an entity that applies IFRS 3 (revised 2008) for an earlier period to disclose that fact and apply the amendment to IFRIC 9.

Do you agree that this amendment should apply for annual periods beginning on or after 1 July 2009 with prospective application? If not, why?

- (7) We support EFRAG and agree with the proposal on the effective date.



Appendix

Responses to the questions in the Invitation to comment of the IASB Exposure Draft of proposed amendments to IFRIC 9 and IFRIC 16

Proposed amendment to IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

Question 1 – Removal of the restriction on the entity that can hold hedging instruments

The Board proposes to amend paragraph 14 of IFRIC 16 to remove the restriction on the entity that can hold hedging instruments.

Do you agree with the proposal? If not, why?

- (8) We support EFRAG's comments in paragraphs 6 to 8 of its final comment letter and agree with the proposal.

Question 2 – Effective date

IFRIC 16 is effective for annual periods beginning on or after 1 October 2008 with prospective application. The Board concluded that this amendment should apply in the same way.

Do you agree that this amendment should apply for annual periods beginning on or after 1 October 2008 with prospective application? If not, why?

- (9) Like EFRAG we support backdating the effective date in this case to enable entities to implement the proposed amendment in the same way as IFRIC 16.
- (10) In addition, we agree with EFRAG (paragraphs 11 of its final comment letter) that designating hedge accounting on a date in the past is not in conformity with the contemporaneous designation requirements under the hedge accounting rules in IAS 39. Further guidance is needed on how entities could avail of the backdating in a manner that would be considered in accordance with IFRS.