



Accounting Standards Board

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9 October 2007

Dear Sirs

Draft Interpretation D 22 'Hedges of a Net Investment in a Foreign Operation

I am writing to give the views of the ASB's Urgent Issues Task Force (UITF) on EFRAG's draft comment letter to the IFRIC regarding D22. The UITF agrees with your recommendation for the IASB to adopt D22 and would recommend you to finalise the letter without making any further changes.

The UITF will also be responding to the IFRIC directly and a copy of its comment letter is attached to this letter.

If you would like further clarifications on the points raised in this letter either Seema Jamil-O'Neill or I would be happy to discuss these with you.

Yours faithfully

Ian Mackintosh

Chairman

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D22 Comment Letters
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH

9 October 2007

Dear Sirs

Draft Interpretation D 22 'Hedges of a Net Investment in a Foreign Operation'

This letter sets out the views of the ASB's Urgent Issues Task Force (UITF) on the above draft interpretation.

The UITF welcomes IFRIC's decision to issue guidance in this area. The UITF believes that the consensus in D22 will help ensure that divergent interpretation does not develop in practice. The UITF has, however, identified one area where it believes further clarification in the Interpretation would benefit constituents.

Paragraph 12 of D22 requires that the foreign operation itself being hedged may not hold the hedging instrument. Furthermore, D22 and the accompanying examples make various references to 'parent entity' and 'foreign operations' without making specific references as to whether these are legal entities.

For example, say the foreign operation is a branch, B, and is therefore a part of the legal entity, A. It is not clear from the consensus if A will be able to hedge its net investment in its foreign operation B and hold the hedging instrument within A. The UITF recommends that the IFRIC clarifies its view on this issue either by amending the Consensus for D22 or by providing commentary in the Basis for Conclusions.

If you would like further clarifications on the points raised in this letter either Seema Jamil-O'Neill or I would be happy to discuss these with you.

Yours faithfully

Ian Mackintosh

Chairman, Accounting Standards Board

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