

EFRAG
Francoise Flores
Square de Meeus 35
1000 Brussels
Belgium

The IASB's Exposure Draft *Annual Improvements to IFRSs 2010-2012 Cycle*

Dear Ms Flores,

The European Securities and Markets Authority (ESMA) is an independent EU Authority that contributes to enhancing the protection of investors and promoting stable and well-functioning financial markets in the European Union (EU). ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.

ESMA has considered EFRAG's draft response to the IASB's Exposure Draft (ED) *Annual Improvements to IFRSs 2010-2012 Cycle*. ESMA thanks you for this opportunity to contribute to EFRAG's due process. ESMA is pleased to provide you with the following comments aimed at improving the decision-usefulness of financial statements and the transparency and enforceability of IFRSs.

Like EFRAG, ESMA believes that many of the proposals set out in the ED contribute improving financial reporting. Consequently we are generally supportive of EFRAG's comment letter. We however would like to draw EFRAG's attention to the following issues:

- ESMA supports clarifying paragraph 40 of IFRS 3 – *Business Combinations* but believes that the IASB should also propose consequential amendments to IAS 39 – *Financial Instruments: Recognition and Measurement*;
- IFRS 8 - *Operating Segments*: ESMA welcomes the proposed requirement to disclose the basis for aggregation operating segments but urges the Board to also consider further improvements to the IFRS literature on the definition of the Chief Operating Decision Maker (CODM) in the annual improvements project instead of delaying this to the post implementation review;

- **IAS 1 – *Presentation of Financial Statements***: ESMA agrees with the clarification as it reinforces the classification principles of IAS 1 and provides additional guidance. ESMA would however encourage the Board to provide more guidance with respect to the meaning of ‘loan facility’ as loans and credit facilities could take many different forms and terms. In addition, we propose to move some parts of the basis for conclusions to the standard in order to enhance the enforceability of the amendment;

For the detailed comments we refer to our comment letter to the IASB’s ED, which we attach to this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'S/M'.

Steven Maijoor
Chair ESMA

A handwritten signature in blue ink, appearing to be 'J. Galbo'.

Julie Galbo
Chair ESMA’s Corporate Reporting Standing Committee