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Contact Mary Tokar

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Dear Sir or Madam

Adoption of amendments to IAS 39 and IFRS 7: Reclassification of Financial Assets – Effective Date and Transition

We appreciate the opportunity to comment on the European Financial Reporting Advisory Group's (EFRAG) draft endorsement advice regarding the International Accounting Standards Board's (IASB's) most recent amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*. The amendments are titled *Reclassification of Financial Assets – Effective Date and Transition* (amendments to IAS 39 and IFRS 7) and were published by the IASB on 27 November 2008. This letter expresses the views of the international network of KPMG member firms.

We have read and considered the amendments to IAS 39 and IFRS 7 and EFRAG's draft endorsement advice on these amendments in which EFRAG considers the requirements of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of International Accounting Standards. Our consideration focused on EFRAG's conclusion and in this response we are not addressing other points raised by EFRAG in Appendix 2 and 3 of its invitation to comment.

Although the amendments to IAS 39 and IFRS 7 were published without public due process and we therefore did not have any opportunity to comment on an exposure draft, we do not see fatal flaws that would cause us to recommend non-endorsement.

We support consistent application of International Financial Reporting Standards (IFRSs) globally and consistent with this objective we support EFRAG's recommendation to adopt for use in Europe the amendments to IAS 39 and IFRS 7 as issued by the IASB.



Please contact Mary Tokar at +44 (20) 7694 8871 if you wish to discuss any of the issues raised in this letter.

Yours faithfully

KPMG IFRG Limited