



Mr Hans van Damme
Acting Chairman
EFRAG Supervisory Board
Square de Meeûs 35
B-1000 BRUXELLES

E-mail: Commentletters@efrag.org

24 July 2014

Ref.: ACC/AKI/HBL/PPA/SRO

Dear Mr van Damme,

Re: FEE comments on EFRAG's letter re IASB's quality control procedures prior to or post issuance of a final standard or major amendment to a standard

- (1) FEE (the Federation of European Accountants, www.fee.be) is pleased to provide you below with its comments on EFRAG's letter re IASB's quality control procedures prior to or post issuance of a final standard or major amendment to a standard ("Letter").
- (2) FEE believes that the standard setting due process should provide constituents the tools to participate in the standard setting process in an effective manner and should provide the IASB the tools to receive constructive feedback. However, FEE identifies some weaknesses in the field testing aspect of the due process and this can lead to constituents facing significant implementation challenges when it comes to new standards.
- (3) FEE also agrees with EFRAG that the constituents face implementation difficulties with some of the recent standards which lead to high implementation costs and divergence in the application of the IFRSs. These challenges also lead to a revision of the standards and to narrow scope amendments which result in additional costs (for example in relation to IFRS 11).
- (4) Therefore, FEE agrees that such shortcomings should be identified before the standards are effective and that the IASB should take appropriate actions at an early stage.
- (5) FEE supports IASB's recent actions and changes in the due process for standard setting. In particular, FEE supports the Post Implementation Reviews (PIRs) that the IASB has established for all the major standards and FEE welcomes the new initiative of the IASB to establish two Transition Resource Groups (TRGs) (for IFRS 15 and for IFRS 9) that aim to assist in identifying implementation challenges that constituents are likely to face and assist the IASB in overcoming these challenges.

- (6) FEE does not support EFRAG's letter for two main reasons. Firstly, FEE believes that, in effect, a general public final fatal flaw review of a new standard (or a major amendment) before its issuance would be akin to another ED. If changes to the document since the ED are sufficiently significant to warrant general public comments, it would seem preferable to hold another full consultation as contemplated in the due process.
- (7) Secondly, FEE believes that time should be given to the IASB and to the new procedures that have been established (as referred to in our paragraph (2) above) before assessing their effectiveness or suggesting any additional steps in the standard setting due process.
- (8) Therefore, FEE suggests that EFRAG should monitor the implementation process of the two new standards (IFRS 15 and the forthcoming new requirements for impairment of financial instruments under IFRS 9) and then assess the effectiveness of the IASB due process and its quality control procedures. As part of the monitoring of the implementation process set out for IFRS 15 and for new requirements for impairment of financial instruments, we believe that it will be important to ensure that the work of the groups set up remains appropriately confined to discussing implementation issues and that it does not conflict with the mandate of the IFRS Interpretation Committee.

For further information on this letter, please contact Pantelis Pavlou, Project Manager, from the FEE Team on +32 2 285 40 74 or via e-mail at pantelis.pavlou@fee.be.

Yours sincerely,



André Killesse
President



Olivier Boutellis-Taft
Chief Executive