

**EFRAG**

**Ms. Françoise Flores**

**Square de Meeus 35  
1000 Brussels  
Belgium**

**The IASB's Exposure Draft *Annual Improvements to IFRSs 2011-2013 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 2011-2013 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 the proposed amendments to IFRS 1 – *First-time Adoption of International Reporting Financial Standards* in form of providing additional explanation in the Basis for Conclusions as some constituents perceived an apparent conflict between paragraph 7 of IFRS 1 and IFRS 1 paragraph BC 11;
- IFRS 3 – *Business Combination*: ESMA is of the view that the issue should be timely addressed within the annual improvements project as proposed and does not support delaying it until the planned post-implementation review of IFRS 3.



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