



**KPMG IFRG Limited**  
1-2 Dorset Rise  
London EC4Y 8EN  
United Kingdom

Tel +44 (0) 20 7694 8871  
Fax +44 (0) 20 7694 8429  
DX 38050 Blackfriars  
mary.tokar@kpmgifrg.com

European Financial Reporting Advisory Group  
35 Square de Meeûs  
B-1000 Brussels  
Belgium

Our ref **MT/288**

E-mail: [Commentletter@efrag.org](mailto:Commentletter@efrag.org)

Contact **Mary Tokar**

27 October 2009

Dear Sir or Madam

**Adoption of *Classification of Rights Issues – Amendment to IAS 32***

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) *Classification of Rights Issues – Amendment to IAS 32* (the amendment), which was published by the IASB on 8 October 2009. This letter expresses the views of the international network of KPMG member firms.

We have read and considered the amendment and EFRAG's draft endorsement advice on the amendment 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 regarding the assessment of the amendment against the endorsement criteria and in this response we are not addressing any points raised by EFRAG in Appendix 2 and 3 of its invitation to comment.

We provided comments to the IASB on the Exposure Draft of *Classification of Rights Issues – Proposed amendment to IAS 32* (ED) in our comment letter dated 7 September 2009. We have followed the IASB's redeliberations on the comment letters on the ED and while not all of our suggestions were adopted by the IASB we do not believe that those comments, which were input to the Board's deliberations, represent fatal flaws that would cause us to recommend non-endorsement.

We support consistent application of International Financial Reporting Standards globally and consistent with this objective we support EFRAG's recommendation to adopt for use in Europe the amendment 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*

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