



European Financial Reporting Advisory Group ■

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS OF THE AMENDMENT TO IAS 39 AND IFRS 7 'RECLASSIFICATION OF FINANCIAL ASSETS – EFFECTIVE DATE AND TRANSITION'

Comments should be sent to commentletter@efrag.org or uploaded via our website by 8 January 2008

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the amendment to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* "Reclassification of Financial Assets – Effective Date and Transition" (the Clarification). In order to do that, EFRAG has been carrying out a technical assessment of the Clarification against the criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from its implementation in the EU.

A summary of the Clarification is set out in Appendix 1.

Before finalising its two assessments, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record unless the respondent requests confidentiality. In the interest of transparency EFRAG will wish to discuss the responses it receives in a public meeting, so we would prefer to be able to publish all the responses received.

1 Please provide the following details about yourself:

(a) Your name or, if you are responding on behalf of an organisation or company, its name:

BANCA ROMAGNA COOPERATIVA - CREMONA
COOPERATIVO ROMAGNA CREMONA e MACERONE
SOC. COOP.

(b) Are you/Is your organisation or company a:

Preparer User Other (please specify)

(c) Please provide a short description of your activity/ the general activity of your organisation or company:

FINANCIAL INTERMEDIATION (TRANSNATIONAL
DEPOSIT-LOAN AND CASH-CASHLESS OPERATIONS
CASH-CREDIT, FINANCIAL INSTRUMENTS TRADING, ETC)

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- (d) Country where you/your organisation or company is located:

ITALY

- (e) Contact details including e-mail address:

FRANCESCA.FOLGORI@BIRC.BCC.IT

MARCO.MAZZONI@BIRC.BCC.IT

- 2 As explained in Appendix 2, EFRAG has concluded that, because of the process followed in developing and issuing the amendment that this Clarification clarifies, it is not appropriate to evaluate the Clarification on a standalone basis against the EU endorsement criteria. EFRAG has therefore evaluated the Clarification and October amendment together and concluded that together they meet the technical criteria for endorsement. In other words, they are not contrary to the true and fair principle and it meets the criteria of understandability, relevance, reliability and comparability. EFRAG's tentative view therefore is that it should recommend endorsement of the Clarification. EFRAG's reasoning is set out in Appendix 2.

- (a) Do you agree with this assessment?

Yes

No

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG's endorsement advice.

- (b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of the Clarification? If there are, what are those issues and why do you believe they are relevant to the evaluation?

- 3 As explained in Appendix 3, for similar reasons EFRAG has concluded that it is not appropriate to assess the costs and benefits of the Clarification on a standalone basis; rather the costs that will arise for preparers and for users, both in year one and in subsequent years, to implement the Clarification and the October amendment together should be assessed and compared to the benefits expected to arise from the October amendment and Clarification together. Some initial work has been carried out on this assessment, and the responses to this Invitation to Comment will be used to complete the assessment.

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The results of the initial assessment are set out in Appendix 3. They are that the Clarification and the October amendment together:

- (a) will involve preparers in some additional costs to make the reclassifications, although reclassification is optional so those costs are taken on voluntarily;
- (b) will involve users in some insignificant additional analysis costs; and
- (c) will involve benefits that are likely to exceed those costs.

Do you agree with this assessment?

Yes

No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

- 4 EFRAG is not aware of any other factors that should be taken into account in reaching a decision as to what endorsement advice it should give the European Commission on the Clarification.

Do you agree that there are no other factors?

Yes

No

If you do not, please explain why you do not and what you think the implications should be for EFRAG's endorsement advice?
