

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS OF THE AMENDMENT TO IFRIC 9 AND IAS 39 'EMBEDDED DERIVATIVES'

Comments should be sent to commentletter@efrag.org or uploaded via our website by 8 May 2009

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the amendment to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* "Embedded Derivatives". In order to do that, EFRAG has been carrying out a technical assessment of the amendment 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 amendment 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:

JED WRIGLEY

FIDELITY INTERNATIONAL

- (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:

DIRECTOR OF ACCOUNTING & VALUATION.

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

UK, TOKYO, HONG-KONG, SINGAPORE, GERMANY, FRANCE,
AUSTRALIA

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

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LONDON, ENGLAND EC4M 5TA

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- 2 EFRAG's initial assessment of the amendment is that it meets the technical criteria for endorsement. In other words, it is not contrary to the true and fair principle and it meets the criteria of understandability, relevance, reliability and comparability. 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 amendment? If there are, what are those issues and why do you believe they are relevant to the evaluation?

No

3 EFRAG is also assessing the costs that will arise for preparers and for users on implementation of the amendment in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this Invitation to Comment will be used to complete the assessment.

The results of the initial assessment are set out in paragraph 8 of Appendix 3. To summarise, EFRAG’s initial assessment is that the amendment is:

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(a) likely to involve some preparers in some additional year one, but no ongoing, incremental costs. However, EFRAG’s initial assessment is that the additional year one costs will not be significant.

(b) likely to involve users in no year one or ongoing incremental 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’s initial assessment is that the amendment will improve consistency and comparability of the information provided (see Appendix 3, paragraph 7) and that the benefits to be derived from that are likely to exceed the costs involved (see Appendix 3, paragraph 9).

Do you agree with this assessment?

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?

- 5 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 amendment.

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?
