22 December 2009

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir/ Madam

IASB ED *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*

On behalf of the European Financial Reporting Advisory Group (EFRAG), I am writing to comment on the Exposure Draft *Limited Exemption from Comparative IFRS 7 Financial Instruments: Disclosures for First-time Adopters* published in November 2009. This letter is submitted in EFRAG's capacity of contributing to IASB's due process and does not necessarily indicate the conclusions that would be reached in its capacity of advising the European Commission on endorsement of the definitive interpretations/amendments on the issues.

The proposed amendment allows a first time adopter of IFRS to apply the exemption from comparative disclosures in IFRS 7 as amended in March 2009 to the extent that the entity's first IFRS reporting period starts earlier than 1 January 2010.

Our detailed comments on the ED are set out in the appendix to this letter. To summarise, we agree with the proposed amendment. However, we have some concerns with regard to the proposed effective date.

We hope that you find the comments helpful. If you wish to discuss them further, please do not hesitate to contact Svetlana Boysen or me.

Yours sincerely

Stig Enevoldsen
EFRAG, Chairman

Appendix
ERAG's detailed comments on the amendments proposed

Question 1 – Consistent disclosure transition provisions

The Board proposes to amend Appendix E of IFRS 1 to include transition provisions for first-time adopters consistent with the transition provisions in paragraph 44G of IFRS 7 Financial Instruments: Disclosures.

Do you agree with the proposal? If not, why?

EFRAG's comments

1 EFRAG agrees with the amendment proposed and the reasoning behind the amendment.

Question 2 – Effective date

The proposed amendment to IFRS 1 would be effective for annual periods beginning on or after 1 July 2010 with early application permitted.

Do you agree that this amendment should apply for annual periods beginning on or after 1 July 2010 with early adoption permitted? If not, why?

EFRAG's comments

2 We understand that the effective date for this amendment was set out to be in line with how the IASB generally sets out effective dates: on 1 January or 1 July at some point in the future.

3 EFRAG notes that in this particular case irrespective of the formal effective date the only way entities could make use of the amendment is by adopting it early in the annual period that finishes before 1 January 2010, ie in the annual period that is currently in progress. We understand that in those jurisdictions that have to endorse the amendment in the local law first, entities might only be able to make use of the amendment if their annual periods finish after the amendment is endorsed. Thus, entities whose annual periods start towards the beginning of the calendar year might not be able to make use of the amendment. The length of the endorsement process (if for example it requires translations in local languages and other procedures to be completed) would have a further effect on the availability of the relief foreseen by the amendment to entities.

4 While the issue is unavoidable in this particular case (the amendment corrects something that was overlooked in the past), this illustrates that the IASB generally needs to allow sufficient time before entities have to apply amendments, new IFRICs or standards.