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5 September 2013

Re: EFRAG draft comment letter on Exposure Draft *Regulatory Deferral Accounts*

Dear Françoise,

We are pleased to have the opportunity to provide our comments in order to contribute to the finalization of the EFRAG comment letter on Exposure Draft *Regulatory Deferral Accounts* (the ED).

We welcome that the IASB is taking into consideration the matter of the rate-regulated activities (RRA), following the consultation on its agenda. We are convinced that a clarification on the aspect of rate regulations may be needed, but we are not sure that to reach this objective major deviations from the IFRS concepts are needed. Allowing entities to account for this subject not in accordance to the IFRS does not seems an agreeable solution. Unfortunately this seems to be the direction taken by the IASB ED Regulatory Deferral Accounts.

Moreover we note that the ED should be applied only by new adopters, neither producing any benefit for the entities that currently apply the IFRS and that operate in rate-regulated regimes nor for users of financial statements. Instead, its implementation could reduce the comparability:

- among new IFRS adopters and current IFRS adopters acting in the same jurisdiction;
- among new IFRS adopters and current IFRS adopters acting in different jurisdiction;
- among new IFRS adopters because the ED does not set a single accounting treatment but it leaves entities the possibility to continue to use their previous GAAP accounting policies.

We understand that the main reason for the ED is represented by the facilitating transitions to the IFRS, but, as stated in several circumstances, we believe that convergence cannot prevail on the quality and comparability of financial information.

Furthermore, considering the scope of the ED, the aim to facilitate the new adopters could fail because the interim standard is applicable only by entities with a rate regulation based on allowable costs and not by entities with a different regime.
Moreover, because it is uncertain that the regulatory items meet the definition of asset/liability included in the Framework, interim standard will allow entities that are not IFRS compliant to declare the IFRS compliance.

Moreover, since the complex and comprehensive project on the RRA is still in the research phase and its finalization is not foreseeable, if this interim standard were issued, it would not be really “temporary” but it could be in force for an indefinite period.
Finally, we are concerned that the issue of an interim standard could be seen in the future as a solution for topics not addressed by the IASB or under development, with the risk that these standards remain in force for long time due the due process of the IASB and undermine global comparability which remains a main aim of the IFRS.

For all the reasons listed above we are convinced that the IASB should focus on the comprehensive project and clarify if these items are asset/liability in accordance with the conceptual framework.

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,

Angelo Casò
(Chairman)