

Cooperative Bank

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

Preparer User Other (please specify)

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

CASA RUMBLE du ROUERTO - SOCIETY COOPERATIVE

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

1 Please provide the following details about yourself:

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.

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

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.

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

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



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

Italy - Rovereto - Via Marsouin, 1

(e) Contact details including e-mail address:

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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.

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

Yes No

Do you agree that there are no other factors?

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.

4

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

Yes No

Do you agree with this assessment?

- (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.

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

EFRAG's Assessments
Clarification of the October Amendment to IAS 39 and IFRS 7 – Invitation to Comment on

APPENDIX 1

A SUMMARY OF THE CLARIFICATION

- 1 This amendment clarifies the effective date and transition requirements of the amendment to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* "Reclassification of Financial Assets" issued on 13 October 2008 (the October amendment). EFRAG recommended the October amendment for endorsement in the EU, and it has since been endorsed.
- 2 The October amendment permitted entities in certain circumstances to reclassify non-derivative financial assets out of the held-for-trading category and the available-for-sale category at fair value on the date of reclassification. Such reclassifications are to be carried out on a real-time basis (ie at the current date), except that the amendment allows some backdating to 1 July 2008 as part of the transitional arrangements. The Clarification relates to the degree of backdating to be allowed.
- 3 The IASB's intention had been to allow reclassifications to be backdated as long as (a) the reclassification is made before 1 November 2008 and (b) the reclassification is not backdated to a date before 1 July 2008.
- 4 However, shortly after the October 2008 amendment was issued it became apparent that the effective date and the transitional requirements of the October amendment had been ambiguously drafted and as a result do not fully reflect the IASB's intentions. That is because the October amendment stated that "any reclassification of a financial asset made in periods beginning on or after 1 November 2008 shall take effect only from the date when the reclassification is made" and this wording has been interpreted by some to mean that reclassifications made in periods starting on or before 31 October 2008 can be backdated to 1 July 2008.
- 5 On 24 October 2008 the IASB clarified its intentions with regard to the effective date and the transitional requirements in the October 2008 issue of the IASB Update, an official IASB report on its deliberations and decisions taken during the IASB public meetings. The Clarification, which was issued on 27 November 2008, formally incorporates that clarification into IFRS.