20 June 2013

International Accounting Standards Board

30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir/Madam,

Re: IASB’s Request for Information on Rate Regulation

On behalf of the European Financial Reporting Advisory Group (EFRAG), I am writing about the Request for Information on Rate Regulation, issued by the IASB on 28 March 2013 (the ‘RFI’).

This letter is intended to contribute to the IASB’s due process and does not necessarily indicate the conclusions that would be reached by EFRAG in its capacity as advisor to the European Commission on endorsement of definitive IFRS in the European Union and European Economic Area.

EFRAG welcomes that the IASB, in the re-launch of its comprehensive project on Rate-regulated Activities, started with an identification of the range of rate-regulated schemes that are in place and that should be covered in developing its Discussion Paper on this topic. The Request for Information is a first step in the IASB’s process to develop the Discussion Paper, and will assist the IASB in identifying the range of rate-regulatory schemes that affect IFRS-complaint companies and which should be considered within the scope of the project. It responds to one of the recommendations that European constituents, including EFRAG, noted when commenting on the IASB’s 2009 Exposure Draft on the accounting for rate-regulatory assets and liabilities.

EFRAG has undertaken a number of initiatives to engage with its stakeholders including encouraging relevant companies in Europe with rate-regulated activities to respond to the RFI and establishing its own Rate-regulated Activities Working Group¹. The first meeting of the group will take place at our offices in Brussels on 3 July 2013 and we would welcome an observer from the IASB at this meeting and subsequent meetings.

Gathering factual evidence and real life examples on how regimes operate in Europe has shown that the input from Europe is an important contribution to the IASB’s future work. Involvement of Europe in the development of the ultimate standard is therefore important and we look forward to working closely with the IASB.

¹ A list of the members of this working group can be found on EFRAG’s website at http://www.efrag.org/Front/wq78-272/EFRAG-Rate-Regulated-Activities-Working-Group--EFRAG-RRAWG-.aspx.
If you would like more information, please do not hesitate to contact Isabel Batista, Giorgio Acunzo or me. In any event, we look forward to receiving details of the IASB attendance at our working group meeting.

Yours faithfully,

Françoise Flores
EFRAG Chairman