

European Financial Reporting Advisory Group  
13-14 Avenue des Arts  
B-1210 Brussels  
Belgium

29 October 2009

Dear EFRAG member

**Adoption of Amendments to IAS 32: *Classification of Rights Issues***

The global organisation of Ernst & Young is pleased to submit its comments on the European Financial Reporting Advisory Group's (EFRAG) draft endorsement advice on the use of IAS 32 *Classification of Rights Issues* (the amendments) in Europe (the Invitation to Comment).

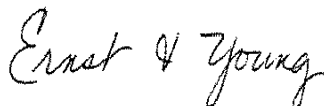
We have read EFRAG's assessment of the application of the above amendments to companies in Europe and considered only the conclusions contained therein. In this letter we are not commenting on any specific questions raised in the Invitation to Comment.

We provided comments to the International Accounting Standards Board (IASB) on the exposure draft in a letter dated 7 September 2009. In that letter we noted that we do not believe that rules based, small term fixes are the best way of addressing issues. However, given the significance of this issue, we supported this amendment as a short term fix.

Ernst & Young supports consistent application of International Financial Reporting Standards (IFRS) globally. As such, we support EFRAG's recommendation that the amendments be adopted for use in Europe.

Should you wish to discuss the contents of this letter with us, please contact James Luke on +44 (0)20 7951 4773 or Sven Hayn on +49 (0)40 361 321 2277.

Yours faithfully

A handwritten signature in cursive script that reads 'Ernst & Young'.