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Contact Mary Tokar

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Dear Sir or Madam

Adoption of amendment to IAS 39 *Eligible Hedged Items*

We appreciate the opportunity to comment on the European Financial Reporting Advisory Group's (EFRAG) draft endorsement advice regarding the International Accounting Standards Board's (IASB's) amendment to IAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items* (amendment to IAS 39), which was published by the IASB on 31 July 2008. This letter expresses the views of the international network of KPMG member firms.

We have read and considered the amendment to IAS 39 and EFRAG's draft endorsement advice on these amendments in which EFRAG considers the requirements of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of International Accounting Standards. Our consideration focused on EFRAG's conclusion and in this response we are not addressing the points raised by EFRAG in Appendix 2 and 3 of its invitation to comment.

We provided comments to the IASB on the Exposure Draft *Exposures Qualifying for Hedge Accounting* (ED) in our comment letter dated 11 January 2008. We have followed the IASB's redeliberations on the comment letters on the ED and while not all of our suggestions were adopted by the IASB we do not believe that those comments, which were input to the Board's deliberations, represent fatal flaws that would cause us to recommend non-endorsement.

We support consistent application of International Financial Reporting Standards (IFRSs) globally and consistent with this objective we support EFRAG's recommendation to adopt for use in Europe the amendment to IAS 39 as issued by the IASB.

Please contact Mary Tokar at +44 (20) 7694 8871 if you wish to discuss any of the issues raised in this letter.

Yours faithfully

KPMG IFRG Limited