DUTCH ACCOUNTING STANDARDS BOARD (DASB)

RAAD VOOR DE JAARVERSLAGGEVING

Secretariat: A.J. Ernststraat 55
Postbox 7984
1008 AD Amsterdam
The Netherlands

T +31 (0)20 301 03 91
F +31 (0)20 301 02 79
rj@rjnet.nl
www.rjnet.nl

EFRAG
Attn. EFRAG Technical Expert Group
41, Avenue des Arts
B-1040 Brussels
Belgique

Our ref	: AdK
Direct dial	: Tel.: (+31) 20 301 0391 / Fax: (+31) 20 301 0279
Date	: Amsterdam, 7 January 2008
Re	: Comment on Amendments to IAS 39 regarding Exposures Qualifying for Hedge Accounting

Dear members of the EFRAG Technical Expert Group,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond on your draft comment letter on the ED of proposed amendments to IAS 39 regarding Exposures Qualifying for Hedge Accounting.

We would like to stress that the proposed amendments lead to even more rules-based provisions relating to hedge accounting. We are not convinced that the proposed additional guidance is necessary on what can be designated as a hedged item in accordance with IAS 39. We believe that general principles about exposures qualifying for hedge accounting in combination with general principles about assessing hedge effectiveness are preferable instead of specific provisions to prevent situations where hedge ineffectiveness exists but is not recognised. The proposed amendments have an inherent risk that the specified risks and portions are not comprehensive.

A more principles-based approach should not make the current distinction between hedging of financial and non-financial items. In our opinion, if an entity is able to isolate and measure the appropriate portion of the cash flows or fair value changes attributable to a specific risk component, the entity should be allowed to designate these cash flows or fair value changes as the hedged item.

We do not support retrospective application of the amendments proposed in the exposure draft. Retrospective application of the proposed amendments could imply that entities that designated inflation risk portions in fixed rate financial instruments or the time value of a hypothetical written option as part of the hedged item would have to reverse their designations retrospectively. Retrospective application would make it not possible to make alternative designations going backwards. Therefore, we propose specific transitional provisions which should allow prospectively application of the proposed amendments.

The proposed paragraph AG99E states that in designating as a hedged item a portion of a financial instrument, an entity cannot specify as the hedged item a cash flow that does not exist in the financial instrument as a whole. We agree with EFRAG that the proposed guidance in AG99E is appropriate. We support the proposed guidance which does not allow this designation on the basis that this would be considered imputing the cash flows that do not exist in the financial instrument.

Yours sincerely,

Hans de Munnik
Chairman Dutch Accounting Standards Board