



Mr Jean-Paul Gauzès
EFRAG Chair
Square de Meeûs 35,
B- 1000 Brussels

Paris, 4 July 2019

Dear Mr Chair,

The Task Force on Long-Term Investment of the Paris Financial Marketplace¹, which I have been chairing since 2010, welcomes the consultation launched by EFRAG on 6th May to explore potential alternative accounting treatments to fair value measurement for long-term investment portfolios of equity and equity-type instruments.

Indeed, our societies require huge long-term sustainable investments in such crucial areas as infrastructure, climate transition, ageing population or research and development, to name but a few.

But as underlined in our report “Betting on the Long-term”, the prerequisite for effective implementation of a long-term investment strategy is the existence of an accounting and results measurement system that reliably and truly reflects the value creation of the said strategy. In this respect, we are convinced that it is necessary to recognize the existence of alternative accounting measures and, in particular, a measure adapted to long-term management - in accordance with the principle of “fair value”, which is not limited to “market value” alone.

Consequently, in its report, our task force made the following recommendations in order to enable the accounting system to more accurately reflect the effects of a long-term strategy:

- Authorise recycling of the results of listed and unlisted equities recognised at fair value through OCI, to enable measurement of the results of a long-term investment strategy;
- Reclassify the recognition of equity funds in accordance with the management orientation and the investor's management strategy, in order to ensure neutrality between direct investment and intermediated investment.

¹ Association nationale des sociétés par actions (ANSA), France Invest (ex AFIC), Association Française des Investisseurs Institutionnels (AF2i), Association Française des Entreprises Privées (AFEP), Association Française de Gestion Financière (AFG), Bpifrance, Centre des professions financières (CPF), CNP, Confrontations Europe, Covéa, Groupe Caisse des Dépôts, EUROFI, Fédération Bancaire Française (FBF), Fédération Française de l'Assurance (FFA), Fédération Nationale des Travaux Publics (FNTP), Forum de l'Investissement Responsable (FIR), Mouvement des Entreprises de France (MEDEF), Paris Europlace.

Having said that, the Task Force considers that, given the mission of general interest of the international advisory body you chair, it would be useful and relevant for EFRAG to thoroughly analyze the ILT's business model and explore an approach completely renewed of the related accounting norms. Naturally, our Task Force would be willing to contribute to this fundamental analysis work.

You will find attached the document with the Task Force's detailed responses to the questionnaire.

Please do not hesitate to contact me to further discuss these suggestions and comments,

Yours sincerely,

Gérard de La Martinière