

EFRAG
35 Square de Meeûs
B-1000 Brussels
Belgium

Subject: Comments on your Draft comment letter

Re: Request for views on Proposed FASB Amendments on Fair Value Measurement and to Impairment Requirements for Certain Investments in Debt and Equity

Dear Stig, dear Paul,

We thank you for providing it the opportunity to comment on your very important draft comment letter relating to the subject in reference.

Our comments to you are not on the details of the two sets of FASB proposals for which IASB is seeking views, but on the wider consequences that you point out in your draft comment letter.

We fully agree with the concerns you raise and the recommendations you make and would like you to put even greater emphasis on two areas of concern:

- 1) You describe IASB and FASB as two partners in standard setting. In our view IASB is the only international standard setter and the partnership of IASB with FASB should be the same as between IASB and a European standard setter, e.g. EFRAG with the help of the national standard setters in the EU, through a forum like CFSS. If this is not the case there will always remain an imbalance between the respective strengths of the US and EU input in international standard setting.
- 2) We agree that it is highly desirable that important aspects of IAS39 be reviewed still this year. Furthermore we are convinced that reaching this ambitious goal is subject to the willingness to adopt a clean slate approach in important areas. To do otherwise will fail to remedy some of the more important accounting mismatches that IAS39 is causing in most, if not all, reporting entities. Contrary to what the title¹ of IASB's DP on IAS39 might imply, we are convinced that the main problem with IAS39 is not its complexity but the fact that it produces a financial report that has often no bearing with the underlying economic reality.

¹ Reducing Complexity in Reporting Financial Instruments. March 2008

We are looking forward to the participation in your Financial Instruments Working Group and hope EFRAG will be able to convince the international standard setter of the quality and the necessity of the findings of that working group. The challenge of changing some of the important aspects of the world's most controversial standard, in a matter of a few months only, is very great indeed.

We remain at your disposition should you need further clarification.

Best regards.

Henricus Seerden

Marie-Carmen Gonzalez