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EFRAG
Attn. EFRAG Technical Expert
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Our ref : AdK
Direct dial : Tel.: (+31) 20 301 0391 / Fax: (+31) 20 301 0302
Date : Amsterdam, 31 May 2010
Re : **Exposure Draft Financial Instruments: Amortised Cost and Impairment**

Dear members of the EFRAG Technical Expert Group,

Whilst the Dutch Accounting Standards Board (DASB) appreciates the efforts of the IASB to replace IAS 39, we do not support the Exposure Draft. As a consequence, we do not feel that it is appropriate to respond to the ED in detail, but believe that it should be rejected.

It is our view that EFRAG should take a similar approach.

Having studied the EFRAG draft comment letter, we believe that it is much better to take a stronger stance towards the IASB rather than responding in detail. That would only create an impression that there is some support for the proposals.

EFRAG should articulate the view that what is needed is one worldwide standard. The IASB should work together with important stakeholders and the US Standard Setter to develop proposals that have true global support.

Whilst we appreciate the need for change (the current issue of potential “front loading” of interest income is just one example), the approach as currently proposed by the IASB will not reduce pro-cyclicality and will require unprecedented implementation efforts. In addition, the requirements related to the Effective Interest Rate determination are unnecessarily complex. And finally, we are deeply concerned that the ED will lead to significant differences between US GAAP and IFRS.

Stakeholders like the Basel Committee and the European Banking Federation have developed alternatives, which we believe have much merit and with which you are familiar. As said, the IASB (and the FASB for that matter) should work with these proposals to come up with a broadly supported standard.

In conclusion, it is our recommendation to EFRAG to change its comment letter along the lines suggested. We will in any case write in a similar vein to the IASB.

We would be quite happy to discuss our views in more detail with you, should you so wish.

Yours sincerely,

A handwritten signature in black ink, consisting of a vertical line on the left that curves into a horizontal line extending to the right, ending in a small hook.

Hans de Munnik
Chairman Dutch Accounting Standards Board