

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) ('Amendments')**Invitation to Comment on EFRAG's Initial Assessments****Your details**

(a) Financial Reporting Council

(b) Who we are: National Standard Setter

(c) What we do:

- We set the UK Corporate Governance and Stewardship Codes.
- We promote transparency and integrity through setting UK standards for accounting, audit and actuarial work and providing guidance on narrative reporting, contributing to high quality international standards, and through the work of the Financial Reporting Lab.
- We monitor the quality of accounts published by public companies in line with the legal framework.
- We monitor and report publicly on the quality of the audit of listed and other major public interest entities and the policies and procedures supporting audit quality at the major audit firms in the UK and determining proportionate sanctions where necessary for audit firms and audit committees.
- We have oversight of the regulatory activities of the accountancy and actuarial professional bodies and through our own independent disciplinary arrangements for public interest cases involving accountants and actuaries, as well as by cooperating with other bodies.

(d) Location: United Kingdom

(e) Contact: Susanne Pust Shah; s.pustshah@frc.org.uk

EFRAG's initial assessment with respect to the technical criteria for endorsement EFRAG's initial assessment of the Amendments is that they the technical criteria for endorsement. In other words, the Amendments are not contrary to the principle of true and fair view and meet the criteria of understandability, relevance, reliability, comparability and lead to prudent accounting. EFRAG's reasoning is set out in Appendix 2 of the accompanying Draft Letter to the European Commission regarding endorsement of the Amendments.

(a) Do you agree with this assessment?

Yes, we agree with EFRAG's conclusion that the Amendments meet the technical criteria for endorsement.

If you do not agree, please provide your arguments and what you believe the implications of this could be for EFRAG's endorsement advice.

Not answered.

(b) Are there any issues that are not mentioned in Appendix 2 of the accompanying Draft Letter to the European Commission regarding endorsement of the Amendments that you believe EFRAG should take into account in its technical evaluation of the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

We support the Amendments. They provide appropriate reliefs to avoid temporary discontinuance of hedge accounting which provides relevant information during the pre-replacement phase. We agree with EFRAG that it is important for the Amendments to be endorsed swiftly and urge EFRAG to support the European Commission in completing the endorsement process timely.

The European public good

In its assessment of the impact of the Amendments on the European public good, EFRAG has considered a number of issues that are addressed in Appendix 3 of the accompanying Draft Letter to the European Commission regarding endorsement of the Amendments.

Improvement in financial reporting

EFRAG has identified that in assessing whether the endorsement of the Amendment is conducive to the European public good it should consider whether the Amendments are an improvement over current requirements across the areas which have been subject to changes (see paragraphs 3 to 5 of Appendix 3 of the accompanying Draft Letter to the European Commission). To summarise, EFRAG's initial assessment is that the Amendments are likely to improve the quality of financial reporting.

Do you agree with the assessment?

Yes. We believe the Amendments facilitate relevant financial reporting and we therefore concur with EFRAG, that the Amendments improve the quality of financial reporting.

If you do not agree, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

Not answered.

Costs and benefits

EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation of the Amendments in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this invitation to comment will be used to complete the assessment.

The results of the initial assessment of costs are set out in paragraphs 6 to 13 of Appendix 3 of the accompanying Draft Letter to the European Commission regarding endorsement of the Amendments. To summarise, EFRAG's initial assessment is that the Amendments will not result in significant undue costs for preparers and for users they will likely be cost neutral.

Do you agree with this assessment?

Yes.

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

Not answered.

In addition, EFRAG is assessing the benefits that are likely to be derived from the Amendments. The results of the initial assessment of benefits are set out in paragraph 14 to 17 of Appendix 3 of the accompanying Draft Letter to the European Commission regarding endorsement of the Amendments. To summarise, EFRAG's initial assessment is that the benefits resulting from the Amendments are likely to outweigh costs associated with their implementation.

Do you agree with this assessment?

Yes, we agree with the analysis of benefits in paragraphs 14 to 16 of the DEA.

If you do not agree with this assessment, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

Not answered.

EFRAG's initial assessment is that the benefits to be derived from implementing the Amendments in the EU, as described in paragraph 6 above, are likely to outweigh the costs involved, as described in paragraph 5 above Do you agree with this assessment?

Yes.

If you do not agree with this assessment, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

Not answered.

Other factors

EFRAG has identified a number of other factors that could be considered in assessing whether the endorsement of the Amendments are conducive to the European public good (see Appendix 3, paragraphs 18 to 20).

Do you agree with the assessment of these factors?

Yes, we concur with EFRAG that the Amendments are not expected to have an adverse effect on financial stability.

If you do not agree, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

Not answered.

Do you agree that there are no other factors to consider in assessing whether the endorsement of the Amendments is conducive to the European public good?

EFRAG may also consider transparency in the context of this Amendment.

If you do not agree, please identify the factors, provide your views on these factors and indicate how this could affect EFRAG's endorsement advice.

We believe the Amendments promote enhanced transparency about the impact of IBOR reform through the disclosure requirements and thereby support the European public good.

Overall assessment with respect to the European public good

EFRAG has initially concluded that endorsement of the Amendments would be conducive to the European public good (see paragraphs 21 to 24 of Appendix 3 of the accompanying Draft Letter to the European Commission).

Do you agree with this conclusion?

Yes.

If you do not agree, please explain your reasons

Not answered.