

IFRS Foundation  
To the attention of the Trustees  
30 Cannon Street,  
London EC4M 6XH  
United Kingdom

Brussels, 11 March 2011

Dear Sirs,

### **Meeting G20 requirements**

EFRAG has been very saddened by the news that Tommaso Padoa-Schioppa passed away suddenly in December. During his half year as Chairman of the Trustees, we had the pleasure to meet with him and exchange views as part of the public and private meetings. We notably addressed the need to relieve the excessive timing pressure that the June 2011 deadline is putting on the standard-setting process.

All parties involved in the convergence process (G20, SEC, FASB, the European Commission and European stakeholders) have stated that high quality should be the primary driver of the development of global accounting standards. The G20, supported by other organisations, have called for the completion of the convergence project by the end of 2011. Hence, we believe that the IASB should re-consider the deadline of June 2011, so that it is more in line with the timeline set by the G20.

In our opinion, expediting the finalisation of significant accounting standards can have an adverse effect on the high quality demanded, including their implementation, and also could result in further changes to IFRS interpretations or revision to the standards. Furthermore, in a context of projects which have triggered significant concerns, allocating time for proper communication and understanding of the revised directions and for appropriate field testing is essential. It is important that European stakeholders are satisfied that their main concerns have been appropriately addressed.

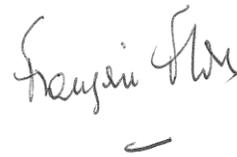
In addition, we observe that the FASB has recently reached tentative decisions which make convergence in the accounting for financial instruments achievable consistently with the G20 requirements, at least where classification and measurement, impairment and offsetting are concerned. We also note that the IASB is no near to finalizing IFRS 9. Indeed portfolio hedge accounting has so far not yet been deliberated by the IASB, let alone be open for public debate and consultation. Considering all aspects of hedge accounting is necessary if the final standard is to be consistent and robust, and potential successive changes be avoided.

We are all aware that accounting for financial instruments is at the centre of the call by the G20 for convergence. The Trustees should ensure that the IASB does not set aside any available opportunity to satisfy the G20 requirements to the extent feasible. We would be very pleased to further discuss with you any of our observations and requests.

Yours sincerely,



Pedro Solbes  
*Chairman of the EFRAG Supervisory Board*



Françoise Flores  
*Chairman of EFRAG*