



**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON
AMENDMENTS TO IFRS 7 Financial Instruments: Disclosures – Transfers of
Financial Assets**

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS

**Comments should be sent to commentletters@efrag.org or
uploaded via our website by 21 January 2011**

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* (the Amendments). In order to do that, EFRAG has been carrying out a technical assessment of the amendment against the criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from its implementation in the EU.

A summary of the Amendments are set out in Appendix 1.

Before finalising its two assessments, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record, unless the respondent requests confidentiality. In the interest of transparency EFRAG will wish to discuss the responses it receives in a public meeting, so we would prefer to be able to publish all the responses received.

EFRAG initial assessments summarised in this questionnaire will be amended to reflect EFRAG's decisions on Appendix 2 and 3.

- 1 Please provide the following details about yourself:
 - (a) Your name or, if you are responding on behalf of an organisation or company, its name:
UK Accounting Standards Board (ASB)
 - (b) Are you/ls your organisation or company a:
 Preparer User Other (please specify)
Standard-setter
 - (c) Please provide a short description of your activity/the general activity of your organisation or company:

The role of the ASB is to oversee the financial reporting requirements of UK entities. This is done by maintaining and improving UK Financial Reporting Standards (FRS) and influencing the development of international standards. To achieve this, the ASB collaborates with accounting standard-setters from other countries and the International Accounting Standards Board (IASB).

(d) Country where you/your organisation or company is located:

United Kingdom

(e) Contact details including e-mail address:

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2 EFRAG’s initial assessment of the amendment is that it meets the technical criteria for endorsement. In other words, it is not contrary to the true and fair principle and it meets the criteria of understandability, relevance, reliability and comparability. EFRAG’s reasoning is set out in Appendix 2.

(a) Do you agree with this assessment?

Yes No

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG’s endorsement advice.

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

No

3 EFRAG is also assessing the costs that will arise for preparers and for users on implementation of the amendment 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 are set out in paragraphs 2-6 of Appendix 3. To summarise, EFRAG’s initial assessment is that the Amendments are likely to involve incremental year one and ongoing costs for preparers. It is unlikely that these costs will be significant.

Do you agree with this assessment?

Yes No

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

- 4 As explained in paragraphs 7-9 of Appendix 3, EFRAG believes that the Amendments are likely to result in improvements in the quality of the information provided.

Do you agree with this assessment?

Yes No

If you do not, please explain why you do not and what you think the implications should be for EFRAG’s endorsement advice?

- 5 EFRAG has tentatively concluded that the benefits to be derived from implementing the Amendments in the EU as described in paragraph 4 above are likely to exceed the costs involved as described in paragraph 3 above.

Do you agree with this assessment?

Yes No

If you do not, please explain why you do not and what you think the implications should be for EFRAG’s endorsement advice?

- 6 EFRAG is not aware of any other factors that should be taken into account in reaching a decision as to what endorsement advice it should give the European Commission on the amendment.

Do you agree that there are no other factors?

Yes No

If you do not, please explain why you do not and what you think the implications should be for EFRAG’s endorsement advice?
