

Ms. Françoise Flores,  
Chair, EFRAG  
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Dear Madam,

**EFRAG's draft comment letter on IASB Exposure Draft classification and measurement: Limited amendments to IFRS 9**

The Accounting Standards Committee ("DASC") set up by "FSR – danske revisorer" is pleased to respond to EFRAG's Draft Comment Letter to IASB.

Overall, we are concerned with the direction that the development of IFRS 9 is potentially about to take. The original purpose of IFRS 9 was to simplify accounting for financial instruments. Already because the provisions on the asset and liability side differ, the current version of IFRS 9 may seem complex. With the proposed amendments, the standard will become even more complex and in many respect more complex than current IAS 39.

The debate seems to over-look that the classification and measurement provisions of financial instruments also apply for non-financial entities. Hence, we are concerned that entities investing in securities would need undue effort to determine the correct classification while under the current version of IFRS 9, a simple analysis will in most cases result in fair value through profit or loss classification. For this reason, we cannot support a mandatory third category. Hence, we do not support view 1 set out in the EFRAG draft comment letter.

Accounting options are by themselves complex because an entity is to analyse the most appropriate accounting treatment and because users need to understand the options applied by preparers. However, we acknowledge that in specific circumstances - for instance insurers under the upcoming ED – fair value through other comprehensive income classification may avoid an accounting mismatch. For this reason we would accept view 2 set out in EFRAG's draft comment letter. We also notice that this alternative approach would address a concern set out by certain constituents as addressed by those EFRAG members supporting view 2, namely that introduction of the third measurement category results in a risk that instruments which qualify for amortised cost measurement under current IFRS 9 do not qualify under the proposed amendment.

We do not support reintroduction of an embedded derivative concept for the following reasons:

- It will delay the completion of IFRS 9. We are especially concerned about the potential further delay of new hedging provision which is something that corporates are really looking forward to.
- It adds another layer of complexity to the standard

We would be happy to elaborate further on our comments should you wish so.

Kind regards

Jan Peter Larsen  
Chairman of the Danish  
Accounting Standards Committee

Ole Steen Jørgensen  
Chief consultant  
FSR – danske revisorer