



7 May 2009

Our ref: ICAEW Rep 57/09

Mr Stig Enevoldsen  
Chairman  
European Financial Reporting Advisory Group  
13-14 Avenue des Arts  
B-1210 Brussels

By email: [commentletter@efrag.org](mailto:commentletter@efrag.org)

Dear Stig

**INVITATION TO COMMENT ON THE EFRAG'S ASSESSMENT OF THE  
AMENDMENT TO IFRIC 9 AND IAS 39 'EMBEDDED DERIVATIVES'**

The Institute of Chartered Accountants in England and Wales welcomes the opportunity to respond to EFRAG's Invitation to Comment on its Assessment of the amendment to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* 'Embedded Derivatives'.

The Institute operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world-leading professional accountancy body, the Institute provides leadership and practical support to over 130,000 members in more than 140 countries.

We are satisfied that:

- (a) IFRIC 9 and IAS 39 'Embedded Derivatives' as amended meet the technical criteria for endorsement by the EU; and
- (b) the benefits to be derived from applying IFRIC 9 and IAS 39 as amended will exceed any costs involved.

We therefore fully support endorsement.

Our responses to the relevant questions raised by EFRAG are attached as an appendix to this letter.

Please contact me if you would like to discuss any of the points raised in this response.

Yours sincerely

Desmond Wright  
Senior Manager, Corporate Reporting  
T +44 (0)20 7920 8527E  
[desmond.wright@icaew.com](mailto:desmond.wright@icaew.com)

**INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS OF THE AMENDMENT TO IFRIC 9 AND IAS 39 'EMBEDDED DERIVATIVES'**

**Comments should be sent to [commentletter@efrag.org](mailto:commentletter@efrag.org) or uploaded via our website by 8 May 2009**

**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:**

The Institute of Chartered Accountants in England and Wales.

- (b) Are you/ls your organisation or company a:**

Other: professional accountancy body.

- (c) Please provide a short description of your activity/ the general activity of your organisation or company:**

See covering letter.

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

United Kingdom.

- (e) Contact details including e-mail address:**

See covering letter: [desmond.wright@icaew.com](mailto:desmond.wright@icaew.com)

**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

**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.**

Not applicable

- (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?**

We are not aware of any other issues

**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 paragraph 8 of Appendix 3. To summarise, EFRAG's initial assessment is that the amendment is:

- (a) likely to involve some preparers in some additional year one, but no ongoing, incremental costs. However, EFRAG's initial assessment is that the additional year one costs will not be significant.
- (b) likely to involve users in no year one or ongoing incremental costs.

**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 applicable.

- 4 EFRAG's initial assessment is that the amendment will improve consistency and comparability of the information provided (see Appendix 3, paragraph 7) and that the benefits to be derived from that are likely to exceed the costs involved (see Appendix 3, paragraph 9).**

**Do you agree with this assessment?**

Yes

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

Not applicable

- 5 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

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

Not applicable.