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European Financial Reporting Advisory
Group (EFRAG)
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EFRAG - Draft Endorsement Advice and Effect Study Report on IAS 19 Employee Benefits

The Swedish Bankers' Association (the Association) appreciates the opportunity to express our opinion on EFRAG's draft endorsement advice and effect study report on IAS 19 employee benefits, as amended in June 2011.

The Association believes that the current IAS 19 is complex and needs a comprehensive review. However, the present piecemeal amendments do not imply any real improvement of the standard. The Association shares several concerns of the EFRAG TEG member expressing a dissenting opinion in appendix 4 of the invitation to comment, i.e. that the revised standard

- exaggerates rather than reduces present differences in reporting models between defined benefit and defined contribution pensions plans,
- should have included a revised guidance on determination of the rate for discounting pension obligations in order to create a level playing field between countries that have deep markets in corporate bonds and those that do not, and
- needs to take the current revision of the accounting for life insurance liabilities IFRS 4 into account to avoid different treatments of liabilities with equal economic substance.

Therefore, the Association does not share EFRAG's initial assessment that the revised IAS 19 meets the technical criteria for endorsement. The Association believes that a comprehensive and deep review of IAS 19 instead of endorsing the present piecemeal changes that will only further deteriorate the level playing field.

SWEDISH BANKERS' ASSOCIATION


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