

17 January 2013

Mr Wayne Upton
IFRS Interpretations Committee
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir,

Re: Income and expenses arising on financial instruments with a negative yield

On behalf of the European Financial Reporting Advisory Group (EFRAG), I am writing to comment on the tentative rejection notice on the *IAS 39 Financial Instruments: Recognition and Measurement, Negative interest rates: implications for presentation in the statement of comprehensive income* published by the IFRS Interpretations Committee ('the Interpretations Committee') in the IFRIC Update in September 2012 (the 'Draft Interpretation').

This letter is intended to contribute to the IASB's due process and does not necessarily indicate the conclusions that would be reached by EFRAG in its capacity as advisor to the European Commission on endorsement of a definitive Interpretation in the European Union and European Economic Area.

In our view, the wording for rejection used by the Committee in the 'IFRIC Update' to explain the agenda rejection is similar to an Interpretation. We urge the IFRS Interpretations Committee not to issue any rejection notice that would effectively prescribe specific accounting treatments. While rejection notices have no authoritative status, in practice, our constituents refer to rejection notices in the exercise of their judgement.

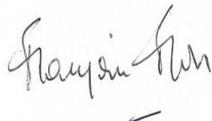
Rejection notices cannot add or interpret the existing requirements, as they are not subject to a full due process, and also not subject to an endorsement process in the European Union.

We observe that the IFRS Interpretations Committee conclusion that "the expense arising on a financial asset because of a negative effective interest rate should not be presented as interest revenue or interest expense, but in some other appropriate expense classification" is interpretative in nature, as it is currently not an explicit requirement.

Therefore, we suggest that the IFRS Interpretations Committee reconsider its tentative decision. We believe that the IFRS Interpretations Committee should consider issues such as the ones raised in the letter from the Accounting Standards Committee of Germany, dated 23 November 2012.

If you would like to discuss our comments further, please do not hesitate to contact Marc Labat or me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Françoise Flores', with a small horizontal line underneath.

Françoise Flores
EFRAG Chairman