

EFRAG (IVZW/AISBL)

35 Square de Meeûs

1000 Brussels

Belgium

Dear Sir/Madam,

In the context of your call for comments on your Draft Letter regarding the *Exposure Draft Financial Instruments with Characteristics of Equity*, we hereby share our opinion that EFRAG should oppose to the adoption of the proposed amendments to IAS 32 concerning the effects of the relevant laws and regulations and the effects of shareholders' discretion. In order to justify this opinion of ours, we make reference to our recent working paper, made available on ssrn, called «The effects of laws and regulations and of the shareholders' discretion in the classification of financial instruments – a preliminary analysis», and accessible via: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4755614

Best regards,

Diogo Pessoa