

EFRAG  
Mr Wolf Klinz  
President of the EFRAG FRB  
35, square de Meeûs  
1 000 Brussels

Paris, 28 November 2023

### **ESMA Draft Comment Letter on Annual Improvements**

Dear Mr Klinz,

The Autorité des Normes Comptables (ANC) welcomes the opportunity offered by EFRAG to comment on its draft comment letter on the IASB's exposure draft *Annual Improvements - Volume 11*.

Among the topics addressed by EFRAG in its draft comment letter, ANC particularly wishes to comment on Question 3 - *Proposed Amendments to IFRS 9, Financial Instruments / Derecognition of lease liabilities*. EFRAG disagrees with the proposed amendment and recommends that the IASB clarify the interaction between IFRS 9 and IFRS 16 as part of a narrow-scope standard-setting project.

ANC agrees with EFRAG that the proposed amendment does not resolve the conflict between IFRS 9 and IFRS 16 on the derecognition of lease liabilities.

However, ANC considers that the IASB's proposal to amend paragraph 2.1(b)(ii) of IFRS 9 to add a cross-reference to paragraph 3.3.3 may be acceptable, but only provided that the Basis for Conclusions on the proposed amendments to IFRS 9, *Financial Instruments* specify that this amendment does not presume the conclusion on the analysis to be carried out on the nature of the rent forgiveness, ie extinguishment of a financial liability within the scope of IFRS 9 vs a lease modification to be accounted for in accordance with IFRS 16.

We agree that the Board has not dealt with the fundamental question of the distinction between a modification and an extinction, but we believe that this can -and should- be addressed subsequently, during the IFRS 16 Post-Implementation Review.

Should you wish to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,

Alain de Marcellus  
ANC International Accounting Standards Committee Chair