



Endorsement advice on IFRS 9 Financial Instruments  
Comment Letters  
European Financial Reporting Advisory Group  
35 Square de Meeûs  
Brussels B-1000  
Belgium

Dear Madam/Sir,

In the present letter ICAC gives its view on EFRAG's assessment on IFRS 9 endorsement.

In general terms, and bearing in mind the objective of issuing a principle based and less complex standard, ICAC believes that IFRS 9 would provide relevant, reliable, comparable, understandable information and would not be contrary to the true and fair view principle.

Putting aside the areas identified by EFRAG in which IFRS 9 could be a better standard, we see with concern two issues that may determine the smooth application of this new standard.

First, as it is recognised by EFRAG, there is a lack of information about the use of practical expedients provided in IFRS 9 and some quantitative analysis of the effects of the impairment model on the level of allowances for credit losses. Consequently, we support the EFRAG's recommendation that the implementation of IFRS 9 is closely monitored to identify any unforeseen or unanticipated consequences that would need to be remedied.

Indeed, IFRS 9 introduces some new components that may lead to an abuse of discretion. That is the case of possible uncertainties regarding the need to incorporate forward-looking information including macro-economic indicators or the fact that the standard requires to consider reasonable and supportable information that is available without undue cost or effort.

In that sense, The Impairment Transition Resource Group (ITG) may be a useful tool, not only to provide support to stakeholders, but also to reach conclusions that require any kind of amendment to the current IFRS 9.

Second, ICAC believes, as EFRAG does, that the mismatch in timing of the future insurance contracts standard and IFRS 9, may create disruptions in the financial



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reporting of insurance activities during the period until the future insurance contracts standard is applied. Unfortunately, we are unconscious at present of the possible consequences and are not able to provide more insights on this issue.

In the end, regarding the EFRAG's evaluation of the cost and benefits of the amendments, ICAC is a national accounting standards setter, not a preparer nor a user of financial information, so regrettably we cannot pronounce on the amendments costs and benefits.

Please, don't hesitate to contact us if you would like to clarify any point of this letter.

Yours sincerely,

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Chairman of ICAC