Dear Efrag,

concerning the amendments of IAS 28 Investments in Associates and Joint Ventures ("IAS 28") within the *Exposure Draft Annual Improvements to IFRS Standards 2015-2017 Cycle*, please find below some brief comments.

We have understood that EFRAG generally agrees with the proposed amendment to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture applying IFRS 9, including its impairment requirements. To reached this conclusion EFRAG retains that those interests meet the definition of financial instruments and as such, they should be wholly within the scope of IFRS 9 from a classification, measurement and impairment perspective.
For sure, we concord with EFRAG that this issue could not be resolved within the Annual Improvements process and that, instead, it would require an amendment to IAS 28. In addition, we concord with the requirement to include an example or some related guidance illustrating the application of the proposed amendment.

In any case, we believe that the amendment should not be limited to long-term interests in an associate or joint venture measured at equity method in the consolidated financial statements, but shall consider also those equity investments measured at cost in the separate financial statements.

At this regards, it is worth nothing that the case of long-term interests is more frequent for equity investments in subsidiaries than for equity investments in associate or joint venture. In those circumstances, as the border between a long-term interest and an equity investment is very thin, we believe that they should be managed together as a single package and, consequently, accounted for in the same way (as an equity investment, scoped out of IFRS 9). We know that would require a new guidance on their measurement.

Best Regards

Michele Rizzi

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Group Accounting Standards and Administrative Model

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