

Mr Hans Hoogervorst
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Group Chief Accountant's
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Dear Mr Hoogervorst

ED/2011/3: Mandatory Effective Date of IFRS 9

We welcome this opportunity to set out our views on the Board's exposure draft.

We support the Board's decision to review the effective date of IFRS 9. However, as explained in our answers (see the appendix) to the Board's questions, we do not support a 1 January 2015 effective date; we believe this must be delayed to 2016 at the earliest given the current timetable for the standard's completion.

Please contact me should you wish to discuss our response.

Yours sincerely



Rajan Kapoor
Group Chief Accountant

Question 1

The Board proposes to amend IFRS 9 (2009) and IFRS 9 (2010) so that entities would be required to apply them for annual periods beginning on or after 1 January 2015. Do you agree? Why or why not? If not, what alternative do you propose?

We do not agree the Board's proposed effective date of 1 January 2015 for IFRS 9. As we noted in our response to the Board's October 2010 request for views on effective dates and transition methods: 'We consider that 1 January 2015 is the earliest practical date for a single mandatory effective date on the assumption that the projects are finalised in June 2011. Any delay beyond 2011 should result in a postponement.' As the final version of IFRS 9 is now not expected until the middle of next year, we believe 2016 to be the earliest feasible effective date. Any further delay in completing the standard should result in a further deferral of the effective date. In common with many other commentators we consider that, given the complexity and reach of IFRS 9, preparers require a minimum period of three years between its finalisation and its effective date.

Question 2

The Board proposes not to change the requirement in IFRS 9 for comparatives to be presented for entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2012. Do you agree? Why or why not? If not, what alternative do you propose?

We are concerned by the Board's proposal not to extend the relief from presenting comparatives currently in IFRS 9. We can see no basis to the view that a delay in the effective date should not be matched by an extension to the exemption from presenting comparatives.

The existing classification and measurement of the requirements present difficulties in determining comparative amounts and there are likely to be similar problems with restating comparatives for changes to the hedge accounting model. We urge the Board to provide relief from presenting comparatives balanced by a requirement for appropriate transition disclosures.