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BANCAIRE
FRANCAISE

The Deputy Director General

Paris, 29 september 2006

FBF response to the IASCF Consultation on the Draft "Due Process Handbook for the IFRIC"

Dear Mr Seidenstein,

The French Banking Federation is pleased to have the opportunity to comment on the Draft "Due Process Handbook for the IFRIC".

We are fully in line with the positions expressed in the response of our national standard-setter, the Conseil National de la Comptabilité. However, we would like to raise more specifically the following points as regards Question 4 - *Relationship with national standard-setters and interpretative groups*, which we consider of critical importance for groups applying IFRS:

- Although we agree with the IFRIC being the unique interpretative institution for IASs / IFRSs, we also understand that it cannot take at its agenda any issue that is raised by the constituents. In particular, when the issue is not widespread, it is likely to be rejected from IFRIC's agenda.
- Nevertheless, when assessing the "widespread" feature of an issue, it is important to consider at the same time the level at which one places oneself: an issue may not be widespread at a global level, and therefore is not worth being added to IFRIC's working program, and yet be of widespread concern in a specific geographic area or jurisdiction. We believe that these area- or country-specific issues need being addressed at the very level they arose. We therefore strongly advocate for intermediary levels of interpretations or at least application guidances.

As the European Union is one of the largest areas of preparers under IFRS, we are particularly concerned by the lack of a European institution that would be able to address issues not receiving IFRIC's consideration. We are aware that the Roundtable on Consistent Application of IFRSs, created in February 2006 on the initiative of the European Commission, already acts as a filter mechanism for the IFRIC for application issues in Europe. While we also know that this Roundtable is not an interpretative body, we suggest it could be used as such for European issues not taken at IFRIC's agenda, but on which European firms or industries felt the need for guidance.

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- At a more national level, we have already experienced, in a context of local Gaap converging progressively with IFRSs, that entities may require guidance on some country-specific products, for which no product with similar characteristics can be found in another country. We believe that these issues also should be addressed through local guidances.
- Accordingly, we favour the acknowledgement of sub-levels of interpretations, which would not interfere with the IFRIC's interpretation scope, but would complete it in order to improve application consistency and compliance with the IFRS.

We remain at your disposal, should you wish further discussion on this position.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Lauzun', with a stylized flourish extending from the end.

Pierre de Lauzun