



Association pour la participation des  
entreprises françaises à l'harmonisation  
comptable internationale



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November 29, 2019

**Ref: IFRIC Agenda Decision on Lease Term**

Dear Mr Beller

The IFRS Foundation is currently considering amendments that have been proposed to the Due Process Handbook (the DPH). We understand that these amendments should include, amongst other items, the type of majority required to approve Agenda Decisions.

In this context, we believe that it is very prejudicial to the general perception of the due process requirements for the IFRIC to have approved today in a public meeting a controversial agenda decision on lease terms by the very slenderest of margins (seven out of thirteen members present voting in favour).

Moreover, as indicated by a number of constituents who replied to the proposed amendments to the DPH, it seems to us that when two different readings of the requirements of a standard are largely subscribed to by stakeholders, an agenda decision is not an adequate means to resolve the issue. In these circumstances it is necessary to provide clarification by amending the text of the underlying standard or providing an interpretation.

In response to the publication of the tentative agenda decision, the IFRS Interpretations Committee (IFRIC) received more than 30 letters showing very clearly the wide divergence in the understanding of the text. We think that the agenda paper 4 prepared for the November IFRIC meeting did not convincingly justify the view that no alternative reading of the standard was possible, and that the inclusion of the paper in the agenda under the heading "Agenda decision to finalise" was tendentious in itself.

We think that the role of the IFRIC is not just to explain why it thinks its reading is the only one possible, but also to understand why other stakeholders have a different understanding and to explain convincingly why these other readings are mistaken. The role of the IASB is to set the standard and to ensure that the standard is understood in the same way by all. Once it is clear that stakeholders can in good faith have different readings of the text of the standard, it is the duty of the standard-setter to modify the text appropriately.

We urgently request the Due Process Oversight Committee to suspend this agenda decision pending proper consideration and that the issue be reintroduced in a standard-setting activity.

If you require any further information on the content of this letter, please do not hesitate to contact us.

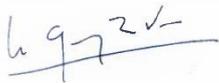
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