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CHAIRMAN

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N° 610

PARIS, 8TH OCTOBER 2004

Ms Sandra THOMPSON

Senior Project Manager

IASB

30 Cannon Street

London EC4M 6XH

Re : Proposed Amendments to IAS 39 *Financial Instruments Recognition and Measurement* : Transition and Initial Recognition of Financial Assets and Financial Liabilities

Dear Sandra,

The Conseil National de la Comptabilité (CNC) appreciates the opportunity to comment on the Proposed Amendments to IAS 39 *Financial Instruments, Recognition and Measurement* : Transition and Initial Recognition of Financial Assets and Financial Liabilities.

In general, we agree with the proposals in the Exposure-Draft and the possibility to give entities a choice of applying the 'day 1' gain or loss recognition requirements in IAS 39 paragraph AG 76 either :

- prospectively to transactions entered into after a specific date (see our comment below on this date) ;
- retrospectively as required by paragraph 104 of IAS 39.

Regarding the date for the prospective application, we don't agree with the 25 October 2002 which is the date of a publication of an American EITF whose requirements are not applicable to most of future IFRS appliers.

MINISTÈRE DE L'ÉCONOMIE
DES FINANCES ET DE L'INDUSTRIE

We believe that it would be more appropriate to apply this Amendment as from a date related to an Amendment of IAS 39, and we propose a prospective application for transactions entered into after one of the following dates :

- 8 July 2004 (publication of the proposed Exposure-Draft),
- 17 December 2003 (publication of the revised version of IAS 39),
- 20 June 2002 (publication of proposed improvements of IAS 39).

If you want further information on these points, don't hesitate to contact me.

Yours sincerely,

Antoine BRACCHI

APPENDIX

Question 1

Do you agree with the proposals in this Exposure Draft ? If not, why not ? What changes do you propose and why ?

Please refer to our commentary in the cover letter.

Question 2

Do the proposals contained in this Exposure Draft appropriately address the concerns set out in paragraph 5 of the Background on this Exposure Draft ? If not, why not and how would you address those concerns ?

Please refer to our commentary in the cover letter.

Question 3

Do you have any other comments on the proposals ?

No.