

David Schraa
Regulatory Counsel

November 12, 2015

Olivier Guersent
Director General, Financial Stability,
Financial Services and Capital Markets Union
European Commission
1049 Brussels



RE: IFRS 9 endorsement by the European Commission

Dear Mr. Guersent:

The Institute of International Finance is a global financial industry association, with close to 500 members from 70 countries. This letter is written on behalf of the IIF Senior Accounting Group (SAG) which represents the views of the banking institutions that are members of the IIF. The SAG addresses accounting issues of significance from an international and cross-border perspective. It participates in regular dialogue with the International Accounting Standards Board (IASB), the Financial Accounting Standards Board (FASB), and the Accounting Experts' Group of the Basel Committee, the Financial Stability Board (FSB), the U.S. SEC, and IOSCO.

The IIF Senior Accounting Group (SAG) is aware that on September 15 EFRAG published its final endorsement advice on IFRS 9 *Financial Instruments* which recommends that all businesses other than those carrying out insurance activities be required to account for their financial instruments in compliance with IFRS 9 in accordance with the standard, from 1 January 2018 and that businesses carrying out insurance activities are permitted to do so in compliance with IFRS 9 from the same date.

This final endorsement advice implies that endorsement of IFRS 9 by the European Commission could be delayed until a solution acceptable for EFRAG has been put in place by the IASB, which requires due process.

The SAG notes the importance of a satisfactory outcome of the discussions about the treatment of assets which support insurance liabilities. As such, the SAG believes that the insurance concerns should be addressed but not in a way that will cause a delay for implementation of IFRS 9 for banking activities.

It is very important for the banking industry that endorsement of IFRS 9 not be further delayed, both to give clarity to banks already implementing IFRS 9 and to support the work of the banking industry to regain market confidence that credit losses are recognized on a timely basis and in a forward-looking manner.

In addition, many investors (for example, at the recent FSB disclosure roundtable) are clear they require comparability of provisions and disclosures across all international banks that apply IFRS and would be concerned about a delay in EU implementation.

The IIF is pleased to support the European Commission in its further work, and stands ready to assist wherever possible.

Very truly yours,

A handwritten signature in black ink, appearing to read "David Schwa", followed by a long horizontal flourish.

cc:

Mr. Ugo Bassi
Director - Directorate B - Investment and Company Reporting
DG FISMA — Directorate-General for Financial Stability, Financial Services and Capital
Markets Union

Mr. Erik Nooteboom
Commissioner Head of Unit B3 - Accounting and Financial Reporting
Internal Market and Services
DG FISMA — Directorate-General for Financial Stability, Financial Services and Capital
Markets Union

Mrs. Valérie Ledure
Deputy Head of Unit B3 - Accounting and Financial Reporting
Internal Market and Services
DG FISMA — Directorate-General for Financial Stability, Financial Services and Capital
Markets Union

Mrs. Dawn Robey
Policy Officer - Unit B3 - Accounting and Financial Reporting
DG FISMA — Directorate-General for Financial Stability, Financial Services and Capital
Markets Union