

David Schraa
Regulatory Counsel
11/19/15

Roger Marshall
Acting President of the EFRAG Board

November 19, 2015



Re.: EFRAG Draft letter to the European Commission - Further information related to the endorsement of IFRS 9

Dear Mr. Marshall:

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), 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) takes note 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, from 1 January 2018 and that businesses carrying out insurance activities be 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 to the issues that have been raised about insurance has been put in place by the IASB, which requires due process.

With respect to the consultation on the captioned draft letter, the SAG notes the importance of a satisfactory outcome of the discussions about the treatment of assets that support insurance liabilities. However, the SAG is of the view that the endorsement of IFRS 9 for banking activities should not be affected by the IASB's deliberations on possible insurance solutions as discussed in the captioned draft letter.

The SAG certainly agrees that the insurance concerns should be addressed with high priority. However, this should not be done in a way that will cause a delay of implementation of IFRS 9 for banking activities.

It is very important for the banking industry that endorsement of IFRS 9 proceed expeditiously and in accordance with the IASB's timetable, both to give clarity to banks already at work on 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.

The SAG welcomes the fact that that EFRAG acknowledges in its draft update letter to the EC "that all companies in Europe, including those involved in insurance activities, need clarity as a matter of urgency on how and when they have to apply IFRS 9." But it needs to be emphasized that clarity should not imply a delay on the banking side.

In addition, many investors (for example, at the recent FSB disclosure roundtable on disclosure) have made 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 SAG stands ready to assist the EFRAG in its outreach on this or other matters wherever possible.

Very truly yours,

A handwritten signature in black ink, appearing to read "David Schuss", followed by a long horizontal flourish line extending to the right.