

Mr Wayne Upton
Chairman
International Financial Reporting Interpretations Committee
30 Cannon Street
London
United Kingdom
EC4M 6XH

Email: ifric@ifrs.org

18 July 2012

Dear Mr Upton,

**Tentative agenda decision: IAS 39 Financial Instruments: Recognition and Measurement—
Accounting for different aspects of restructuring Greek Government Bonds**

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretation Committee's publication in the May 2012 *IFRIC Update* of the tentative decision not to take onto the IFRIC's agenda a request for guidance on application of the requirements of IAS 39 to the restructuring of Greek Government Bonds (GGBs), in particular whether the restructuring should result in derecognition of the whole asset, or only part of it, and the appropriate accounting for the GDP linked security that was offered as part of the restructuring.

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda and with the analysis set out in the tentative agenda decision, other than in the following respect.

We believe that the draft wording that the assumption that "the part of the principal amount of the old GGBs that was exchanged for new GGBs could be separately assessed for derecognition [is] more favourable for achieving partial derecognition" could be misinterpreted. We would, therefore, suggest that the paragraph of the section on derecognition be amended to note that the submission recognised that, according to paragraph 16(a) of IAS 39, specifically identifiable or fully proportionate cash flows are a pre-requisite for partial recognition.

In addition, we recommend that the Committee note in the agenda decision that, although the submitter requested an interpretation of IAS 39, the conclusions reached by the Committee would apply equally under IFRS 9 as the two Standards are equivalent in respect of the derecognition requirements considered by the Committee.

Finally, we note that the Committee does not believe it will be able to interpret on a timely basis what is meant by a 'non-financial variable specific to a party to the contract' and regards this as an open question. Although we agree this may not be resolved in a short time frame to provide immediate clarity for those reporters that hold the GDP-linked security, we are concerned this is an issue of wider relevance that was (per the October 2008 *IASB Update*) to be considered for

inclusion in a future project following the Board's decision not to proceed with an amendment to the definition of a derivative proposed in October 2007 but is not currently being addressed as part of the project to replace IAS 39. This question will continue to be relevant in applying IFRS 9 as the definition of a derivative is important in classifying financial liabilities and assessing embedded derivatives in all contractual arrangements other than financial assets under that Standard. We therefore urge the Committee to request that the Board consider what is meant by a 'non-financial variable specific to a party to the contract' as part of the classification and measurement element of the IFRS 9 project.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0)20 7007 0884.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'V Poole', written in a cursive style.

Veronica Poole
Global IFRS Leader
Technical