

Wayne Upton
Chairman
IFRS Interpretations Committee
30 Cannon Street
London
United Kingdom
EC4M 6XH

22 July 2016

Dear Mr Upton

Tentative agenda decision – IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement*: Fees and costs included in the '10 per cent' test for the purposes of derecognition

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the May IFRIC Update of the tentative decision not to take onto the Committee's agenda the issue of which fees and costs should be included in the '10 per cent' test for the purposes of derecognition of a financial liability.

Whilst we agree with the IFRS Interpretations Committee's position that, conceptually, the most appropriate approach is to include only fees paid or received between the lender and the borrower, we are not convinced that the guidance cited in the tentative agenda decision is sufficient to preclude a broader interpretation. We believe that a more significant clarification of the standard is warranted as well as, since there is currently significant diversity, explicit transition provisions. As such, we believe that the issue would be better addressed by an amendment to IFRS 9 and IAS 39 as part of the Annual Improvements project or, if considered too significant for that project, via a formal interpretation.

As a point of detail, we also note that the reference to "fees paid by, or on behalf of, the lender or the borrower" in the tentative agenda decision is currently ambiguous as it could be read as referring to any fee paid by either party. If the intention of this reference is to include fees paid by one party on behalf of the other (so, in substance, a payment from the borrower to the lender or vice versa) this should be stated more clearly.

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 blue ink, appearing to read 'V. Poole', with a stylized, flowing script.

Veronica Poole
Global IFRS Leader