

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

18 January 2016

Dear Mr Upton

**Tentative agenda decision – IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments*:
Recognition and Measurement: Derecognition of modified financial assets**

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the November IFRIC Update of the tentative decision not to take onto the Committee's agenda a potential narrow-scope project to clarify the circumstances in which a modification or exchange of financial assets results in derecognition of the original asset.

Whilst we agree that the issue is broad and, as such, potentially inappropriate for a narrow-scope interpretation we do believe that standard-setting activity is required in this area as it is an issue that arises frequently in practice and is likely to attract more attention in the future due to, for example, regulatory focus on forbearance. In the absence of guidance, diverse practices are likely to evolve. In particular, it is unclear whether the requirements for derecognition of financial liabilities should be applied by analogy to modifications of financial assets and whether a modification that affects the 'solely payments of principal and interest' test should be treated differently from one that does not.

As a result, we believe that this issue should be referred to the IASB for comprehensive consideration.

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

Yours sincerely



Veronica Poole
Global IFRS Leader