

Mr Hans Hoogervorst  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
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United Kingdom  
EC4M 6XH

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21 October 2011

Dear Mr Hoogervorst,

## **Exposure Draft ED 2011/3 – Mandatory Effective Date of IFRS 9**

Deloitte Touche Tohmatsu Limited is pleased to respond to the International Accounting Standards Board's (the Board's) Exposure Draft on the mandatory effective date of IFRS 9 (referred to as the "exposure draft").

We agree that deferral of the mandatory effective date of IFRS 9 *Financial Instruments* is necessary in order to allow entities to apply the requirements of all elements of IFRS 9 and, where applicable, the new standard on insurance contracts at the same time. However, given the current level of uncertainty on the timetable for completion of these projects we believe it is premature to determine what period of deferral would be sufficient to meet this objective. The revised effective date should be determined when the major phases of the IFRS 9 project, i.e. general hedge accounting and impairment, and insurance contracts are complete.

We agree that the limited relief from restating comparatives for entities early applying in a period beginning before 1 January 2012 should not be extended. We support the restatement of comparative information whenever this is practicable and provides valuable information to users. However, we note that the basis for restating comparatives as described in IFRS 9(2010):7.2.1 is limited retrospective application as it only restates those items that continue to be recognised at the date of initial application (being the start of the first reporting period in which the entity applies IFRS 9). This results in comparative information being a mix of IAS 39 (for items derecognised before the date of initial application) and IFRS 9 (for items still recognised at that date). In addition, we note that the transitional requirements of IFRS 1 are not aligned with those for existing IFRS preparers as they require the classification of a first time adopter's financial items to be based on conditions existing at the date of transition to IFRSs.

We would expect the remaining major phases of the IFRS 9 project will introduce further transitional challenges, particularly in moving to an expected loss impairment model. We therefore recommend that the Board revisits all the transitional requirements of IFRS 9 and related IFRS 1 provisions when the major parts of the project are complete.

On a related point, we believe that the question of which version of IFRS 9 should be available for Audit.Tax.Consulting.Financial Advisory.

early adoption should be revisited in light of the proposed deferral. The Board has agreed in the past that an early adopter of IFRS 9 can choose to apply either the latest version of IFRS 9 or an earlier version. Following the proposed deferral, this would give an entity the choice of applying IFRS 9(2009) until 2014. We question whether this choice should continue to be available for many years after the issuance of IFRS 9(2010). More generally, we question whether it remains appropriate for many different versions of IFRS 9 to be applied well after they have been updated with a latest version. With the separate finalisation of general hedge accounting, macro hedge accounting and amortised cost and impairment, there may be five versions of IFRS 9 available to early adopt. Our preference would be that an early adopter of IFRS 9 should apply the latest version of the Standard that was in issue at the beginning of its earliest comparative period presented. This approach would reduce the confusion for users trying to determine which version of the Standard an entity is applying whilst allowing preparers sufficient time to adopt the requirements of a more up to date version.

If you have any questions concerning our comments, please contact Veronica Poole or Andrew Spooner in London at +44 (0)20 7007 0884 or +44 (0)20 7007 0204 respectively.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'V Poole', is positioned above the printed name.

**Veronica Poole**  
Global Managing Director  
IFRS Technical