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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,  
C(2008)

Draft

**COMMISSION REGULATION (EC) No .../..**

**of [...]**

**amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 39 and International Financial Reporting Standard (IFRS) 7**

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(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards<sup>1</sup>, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No 1725/2003 of 29 September 2003<sup>2</sup> certain international standards and interpretations that existed on 14 September 2002 were adopted.
- (2) On 13 October 2008, the International Accounting Standards Board (IASB) adopted Amendments to International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement and International Financial Reporting Standard (IFRS) 7 Financial Instruments: Disclosures, hereinafter "amendments to IAS 39 and IFRS 7". The amendments to IAS 39 and IFRS 7 allow the reclassification of certain financial instruments out of the category 'held-for-trading' in rare circumstances. The current financial crisis is considered to be such a rare circumstance which would justify the use of this possibility by companies.
- (3) In accordance with the amendments to IAS 39 and IFRS 7, companies should be allowed to reclassify certain financial instruments as from 1 July 2008.
- (4) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that the amendments to IAS 39 and IFRS 7 meet the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002. In accordance with Commission Decision No. 2006/505/EC of 14

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<sup>1</sup> OJ L 243, 11.9.2002, p. 1.

<sup>2</sup> OJ L 261, 13.10.2003, p. 1.

July 2006 setting up a Standards Advice Review Group to advise the Commission on the objectivity and neutrality of the European Financial Reporting Advisory Group's (EFRAG's) opinions<sup>3</sup>, the Standards Advice Review Group considered EFRAG's opinion on endorsement and advised the European Commission that it is well-balanced and objective.

- (5) Regulation (EC) No 1725/2003 should therefore be amended accordingly.
- (6) Considering the context of the current financial turmoil and the fact that certain financial instruments are no longer traded or related markets have become inactive or distressed, there is a need to give immediate effect to the amendments allowing for re-classification of certain financial instruments and this Regulation consequently should enter into force as a matter of urgency.
- (7) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

*Article 1*

In the Annex to Regulation (EC) No 1725/2003, International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement and International Financial Reporting Standard (IFRS) 7 Financial Instruments: Disclosures are amended as set out in the Annex to this Regulation.

*Article 2*

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [...]

*For the Commission*  
*Charlie McCreevy*  
*Member of the Commission*

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<sup>3</sup> OJ L 199, 21.7.2006, p. 33.

ANNEX

INTERNATIONAL ACCOUNTING STANDARDS	
IAS 39	<i>Amendments to IAS 39 Financial Instruments: Recognition and Measurement</i>
IFRS 7	<i>IFRS 7 Financial Instruments: Disclosures</i>

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