

9 November 2009

Mr Jörgen Holmquist, *Director General*
European Commission
Directorate-General Internal Market and Services
B - 1049 Bruxelles
BELGIUM

Dear Mr Holmquist

Endorsement of IFRS 9 Financial Instruments for use in the European Union

Deloitte Touche Tohmatsu is writing to support the endorsement of IFRS 9: Financial Instruments, relating to the classification and measurement of financial instruments, for use in the European Union. We have written separately to the European Financial Reporting Advisory Group supporting its draft endorsement advice to the Commission (see attachment).

Deloitte Touche Tohmatsu supports the development of a single set of high-quality globally accepted financial reporting standards that will enhance the efficiency of the capital markets around the world and increase the quality of information reported by entities in many jurisdictions. We support the efforts of the International Accounting Standards Board to achieve this aim.

We note the calls for international convergence in financial reporting standards made by the G20, most recently at the Pittsburgh Summit in September 2009. The G20 Leaders' Statement asked that the "international accounting bodies [should] redouble their efforts to achieve a single set of high quality, global accounting standards within the context of their independent standard setting process, and complete its convergence project by June 2011." We believe that the comments made by the Financial Stability Board in their report of 25 September 2009 noting the 'significant progress' made towards a single set of high quality global accounting standards made since April 2009 are evidence of the responsiveness of the IASB to the calls of the G20 and others, including the European Commission, to review and amend its standards for financial instruments.

Were IFRS 9 not endorsed or deferred at this time, the implications are complex and difficult to assess. That said, were a "carve-in" or a European standard setting body contemplated, we believe such steps would be contrary to the stated aim of the IFRS Regulation and the G20 Leaders' Statement, and could undermine and ultimately destroy the G20's goal of a single set of high quality, globally-accepted financial reporting standards worldwide. For these reasons, we believe that such moves would not be in the European interest.

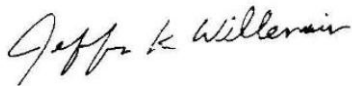
In supporting the expedited endorsement of IFRS 9 for use in Europe, we note that the IASB made substantive changes to its proposals in ED/2009/7 Financial Instruments: Classification and Measurement to address issues raised by stakeholders in Europe and elsewhere. We believe that the IASB has developed a Standard that responds to the demands and concerns expressed worldwide and that this global position should be preferred to any regional or national alternatives.

Endorsement of IFRS 9 for use in Europe on an expedited basis is consistent with the calls from many levels in the European Union for a standard to be in place for use by European companies for their 2009 calendar year-ends. We believe that entities in Europe should be given the same opportunities at the same time as their competitors in other parts of the world, that is they should be given the opportunity to determine whether the early application of IFRS 9 represents an improvement to their financial reporting.

Furthermore, if Europe wishes to send a clear and unambiguous message of support for a mixed measurement model for financial instruments, in contrast to calls for adopting a 'full fair value' model for financial instruments, it is important for Europe to endorse IFRS 9. This will help position Europe well to continue to contribute positively to the global debate on developments in IFRS in this very complex area.

If you have any questions concerning our comments, please contact Ken Wild in London at +44 (0)20 7007 0907.

Yours sincerely



Jeffrey K Willemain
Global Managing Partner, Regulatory & Risk



Ken Wild
Global IFRS Leader

6 November 2009

Stig Enevoldsen, *Chairman*
European Financial Reporting Advisory Group
13-14 Avenue des Arts
B-1210 Brussels
BELGIUM

Dear Mr Enevoldsen

Invitation to comment on EFRAG's draft endorsement advice and draft effects study report on IFRS 9 *Financial Instruments* relating to classification and measurement of financial assets

The European member firms of Deloitte Touche Tohmatsu are pleased to respond to the European Financial Reporting Advisory Group's invitation to comment on EFRAG's draft endorsement advice and draft effects study report on IFRS 9 *Financial Instruments* relating to classification and measurement of financial assets (IFRS 9). We understand that this assessment is made as part of the EFRAG's advice to the European Commission as to whether IFRS 9 should be endorsed for use in the European Union in accordance with Regulation (EC) 1606/2002.

Deloitte participated in the IASB's due process, including submitting a detailed comment letter to the IASB on the exposure draft ED/2009/7 *Financial Instruments: Classification and Measurement* issued in July 2009: this comment letter is available on the IASB's website for the project comment letters (CL 155) and on IASPlus.com. Deloitte also participated in the IASB's roundtable discussions on the financial instruments project held in London on 10 September 2009.

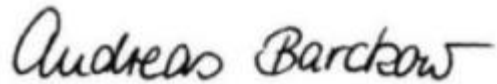
We support endorsing IFRS 9 for use in the European Union and believe that endorsing the IFRS would be in the European interest. We believe that it is important for Europe to endorse IFRS 9 in order to send a clear and unambiguous message of support for a mixed measurement model for financial instruments based on the business model that an entity applies.

We are satisfied that the IASB executed faithfully all steps in its due process in developing this IFRS. In particular, we note and commend the IASB for the scale of the stakeholder engagement that the IASB undertook to complete its work, including regular meetings with European institutions and prudential supervisors, the Economic and Monetary Council (ECOFIN), the Economic and Monetary Affairs Committee (ECON) of the European Parliament as well as maintaining close contact with the EFRAG and European Commission staff.

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Should you have any questions concerning this letter, please contact any of the following, who lead Deloitte IFRS activities in Europe.

Kind regards



Prof Dr Andreas Barckow
Global IFRS Office—Frankfurt



Veronica Poole
Global IFRS Office—London



Laurence Rivat
Global IFRS Office—Paris/ Madrid