

21 February 2012

EFRAG
35 Square de Meeûs
1000 Brussels
Belgium

By e-mail to: commentletters@efrag.org

Dear Sirs

ESMA CP - Considerations of materiality in financial reporting

I am writing on behalf of the Association for Financial Markets in Europe (AFME) in response to the invitation to comment on EFRAG's 27 January Draft Comment Letter on ESMA's November 2011 Consultation Paper - Considerations of materiality in financial reporting ("the ESMA CP"). AFME is, as you know, the leading European trade association for firms active in investment banking and securities trading; it was established in 2009 as a result of the merger of LIBA (the London Investment Banking Association) and the European Branch of SIFMA (the US-based Securities Industry and Financial Markets Association), and thus represents the shared interests of a broad range of participants in the wholesale financial markets.

I attach a copy of the AFME response to the ESMA CP, which we have submitted today. You will see that the views expressed in this letter are very close to the views in the draft EFRAG comment letter, but I would draw your attention to the following points in our responses to Q3 and Q5a:

Q3 While we agree that there is no real difference between "economic decisions made by users" and "decisions about providing resources to the entity", it may be worth clarifying a possible ambiguity (referred to in our response to this question) about whether an actual or potential buyer or seller of shares in the secondary market is making a decision "about providing resources to the entity".

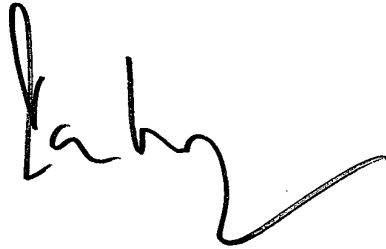
Q5a We think the difference between "could" and "would" in this case is more than just semantic (see our response to this question); it may therefore also be worth clarifying that it is the former which is the appropriate qualifier for the materiality test.

Association for Financial Markets in Europe

St. Michael's House, 1 George Yard, London, EC3V 9DH T: +44 (0)20 7743 9300 F: +44 (0)20 7743 9301 www.afme.eu
Company Registration No: 6996678 Registered Office: St. Michael's House, 1 George Yard London EC3V 9DH

We hope you will find the attached response – and the above comments – to be helpful, and we would of course be delighted to provide further information on any aspects which may be unclear or where you would like more detail on our views.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ian Harrison', with a long, sweeping flourish extending to the right.

Ian Harrison
Managing Director
Direct phone: 020 7743 9349
Email: ian.harrison@afme.eu