

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH
United Kingdom

30 November 2011

Submitted via the "Comment on a proposal" page at www.ifrs.org

Request for Views - Agenda Consultation

Dear Sirs

I am writing on behalf of AFME (the Association for Financial Markets in Europe) to respond to the IASB's Request for views – Agenda Consultation 2011 ("the 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.

We commend the IASB for launching this consultation. We are pleased to see that it is directed at "all those interested in financial reporting" and that, in line with the provisions of the 2010 revision of the IFRS Foundation Constitution, it is to be a regular three-yearly process. We see the timing of the current exercise as particularly appropriate:

- it follows the recent key Board changes, with the departure of David Tweedie and the arrival of Hans Hoogervorst and Ian Mackintosh;
- while the convergence programme has made substantial progress, there are still significant difficulties in a number of key areas; and
- an increasing number of countries, including most of the major economies outside the US, have either already adopted IFRS, or are making good progress towards its adoption.

We have the following high-level comments on the IASB's medium-term agenda:

- We fully support the Board's stated intention to "continue to give the highest priority to progressing ... work on the following projects ... Revenue from contracts with customers, Leases, Insurance contracts and Financial instruments".
- We hope the outstanding topics in the financial instruments project (hedge accounting, impairment and the offsetting disclosures) will remain central to the work-plan over the coming months. You will appreciate that these topics are of particular significance to AFME members, not only because they are in themselves important, but also because of difficulties arising from the continuing uncertainty over whether/when the EU will adopt IFRS9, which will remain unresolved until this work is completed.
- We strongly endorse the G20 call (in their November 2011 Cannes Communiqué) for "the IASB and FASB to complete their convergence programme", which we believe should remain a key priority. Should it prove impractical to complete this programme within a reasonable period, however, we hope the IASB and FASB will reach a jointly agreed modus operandi for dealing with any residual issues, in order to minimise the extent of dual reporting that will be required by entities (such as the majority of AFME members) that have significant reporting obligations under both IFRS and US GAAP.
- Irrespective of the outcome of the SEC's pending decision on the use of IFRS in the US, we hope that the IASB and FASB will continue to work towards convergence on any new topics that they address. This effort is key in supporting the continued assessment of equivalence between US GAAP and IFRS, which underpins the agreements under which the SEC allows foreign registrants to file IFRS financial statements in the US and the EU accepts US GAAP financial statements of US issuers listed on European exchanges. These agreements are of course of great importance to issuers in both the US and the EU.
- Following completion of the high priority projects referred to above, we would ask for a period of calm in the standard-setting process. A period of at least three years without any major new standards would permit entities which report under IFRS to deal with the significant practical issues that will arise from full implementation of the recent and current programmes, particularly (from the perspective of AFME members) in relation to the changes in the requirements for leasing, consolidation, financial instruments, and fair value measurement.
- While our request for a period of calm refers principally to the implementation of any new or significantly modified IFRS, we hope the publication of Exposure Drafts could also be kept to an absolute minimum: responding to EDs requires significant work to establish the

impact of any proposed changes and to formulate an appropriate response, including any recommendations as to how the Board should proceed.

- The suggested period of calm would also provide the IASB with the time to focus on improving the consistent application of IFRS through, for example, field testing of newly issued standards ahead of their effective dates in order to identify possible refinements to application guidance, post-implementation reviews of selected new IFRS and, more generally, dealing with the supplementary issues that will inevitably arise as the new IFRS are implemented in different markets and jurisdictions.
- We note that the current agenda includes “a project to update and refine (the) conceptual framework”. While recognising the importance of the conceptual framework and accepting that this would benefit from clarification over the longer term, we believe, consistent with our comments above, that IASB work on this area over the next three years should be confined to areas where the current framework raises clear practical issues.
- Subject to the above comments, we believe the focus of any remaining IASB resource should be on new/amended IFRS which may be significant but have limited scope: i.e. those which affect particular industries, sectors or areas and have been specifically requested by those likely to be affected, and which should therefore not cause problems for other IFRS reporters. In dealing with such topics the IASB may wish to consider the use of industry expert groups to supplement its own resource.

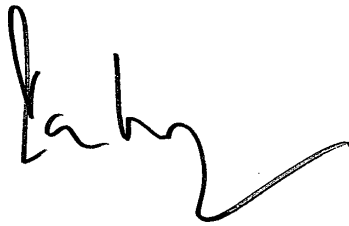
While we would not regard any of the projects set out in Appendix C of the CP as of overriding priority, we have identified three areas that we believe would be of particular benefit to our sector if good progress could be achieved without significant diversion of effort:

- Business combinations between entities under common control; we would however request that the scope of this project be extended to deal more broadly with transactions between such entities.
- Financial instruments with characteristics of equity; we believe this could be dealt with by making appropriately targeted amendments to IAS 32.
- Establishing a framework for disclosure, comprising a set of principles against which the proposed disclosure requirements of each new or modified IFRS could be measured; we do not, however, support the suggestion (on page 23 of the CP) that work on the financial statement presentation project should be resumed.

Notwithstanding the above, we would also discourage the IASB from undertaking any material work during the next few years on a full new standard for financial statement presentation and disclosure (as suggested on page 25 of the CP): we believe this project should be deferred until the full impact of the recent and current changes in IFRS can be properly assessed.

I hope the above comments are helpful. We would of course, as always, be pleased to discuss any points which you may find unclear, or where you believe AFME members might be able to assist in other ways.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ian Harrison', with a long, sweeping horizontal stroke at the end.

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