

23 September 2010

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

Submitted via the “Open to Comment” page at www.iasb.org

**IASB Exposure Draft ED/2010/5: Presentation of Items of
Other Comprehensive Income – Proposed amendments to IAS 1**

Dear Sirs

I am writing on behalf of AFME (the Association for Financial Markets in Europe) to set out our response to the IASB’s 27 May Exposure Draft ED/2010/5: Presentation of Items of Other Comprehensive Income – Proposed amendments to IAS 1 (“the ED”). AFME is, as you know, the leading European trade association for firms active in investment banking and securities trading; it was established on 1 November 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 welcome the opportunity to comment on this ED.

Our starting point in considering the proposed amendments is our previously stated position that IFRS should “continue to distinguish between profit or loss/net income and other comprehensive income”¹. While some of our members believe the division of the proposed single statement into two sections is sufficient to maintain this distinction, the majority view this proposal as “combining the two performance statements into one”, and therefore remain opposed. This second group believe the juxtaposition of profit or loss with items of other comprehensive income in a single statement (albeit in different sections) will bring unnecessary confusion for the users of the financial statements, since it suggests that the combined total is meaningful, despite the fact that those items in the other comprehensive income section of the combined statement (such as cash-flow hedges or valuation reserve) have been specifically excluded from the income statement.

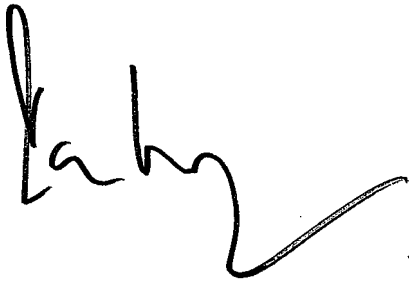
¹ Responding to Question 14 of the IASB’s October 2008 DP on Financial Statement Presentation we said in our 14 April 2009 letter (to be precise, the letter from our predecessor organisation, LIBA): “While the majority of our members are opposed to combining the two performance statements into one, all are agreed that it is important to continue to distinguish between profit or loss/net income and other comprehensive income, as this does provide users with decision useful information”.

Notwithstanding the different views outlined above, our members would strongly oppose any more radical changes to the presentation of OCI, and we would accordingly urge the IASB to exercise great caution in respect of any further changes in this area. We are pleased, in that context, to note the Board's statement in paragraph BC20 that it "has no plans to eliminate profit or loss as a measure of performance (and that) profit or loss will be presented as a separate section of the combined statement and will remain the starting point for the calculation of earnings per share". We would be extremely concerned if this position were to change in the future, or indeed if any subsequent proposal were to lead to a reduction in the significance of the main profit and loss lines in the Income Statement.

We have no particular views on the more specific points raised in the Questions set out on pages 7-8 of the ED, and have therefore not provided responses to these questions. We would however urge the IASB to continue working with the FASB to ensure that any final standard is a converged standard to achieve the overall objectives of comparability, transparency, and understandability.

I hope these comments are helpful. We would of course be pleased to discuss any aspects 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 underline.

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