



Australian Government

Australian Accounting
Standards Board

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Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

Dear David

Exposure Draft of Proposed Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* – Embedded Derivatives

The staff of the Australian Accounting Standards Board (AASB) welcomes the opportunity to comment on the above IASB Exposure Draft. In formulating its views, the AASB sought and considered the views of Australian constituents.

We support the efforts made by the IASB to address issues that have been highlighted by the credit crisis in a timely manner, so as to ensure the credibility of information available to users of financial statements. In doing so, we also encourage the IASB to continue its due process by providing constituents with the opportunity to respond to its proposals.

We support the proposals of the Exposure Draft that will make amendments to ensure that, following the reclassification of a financial asset, embedded derivatives are separately accounted for.

We have a concern regarding the effective date being for annual periods ending on or after 15 December 2008. This is a significant concern for Australia because Australian Accounting Standards are legislative instruments and under the *Legislative Instruments Act 2003* there is an impediment to making an instrument that applies to a date prior to the instrument being made. In addition, the IASB's decision to back date amendments may be an impediment to efforts for obtaining a direct reference to 'IFRS' in Australian law in the future because retrospectivity is inconsistent with Australian government policy.

If the proposals in the ED are to be progressed, we believe that the IASB should provide an effective date applicable to periods ending after the issue date of the amendments, with early adoption permitted for those entities wishing to apply the requirements earlier. This will provide users with sufficient time to deal with the changes and to ensure that all jurisdictions are able to implement the Standards into law.

If you have any queries regarding any matters in this submission, please contact me or Natalie Batsakis (nbatsakis@aasb.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bruce Porter'.

Bruce Porter
Acting Chairman