

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

30<sup>th</sup> November 2011

Dear Sirs,

**Subject:** *Agenda Consultation 2011*

The International Banking Federation<sup>1</sup> would like to thank the IASB for the opportunity to comment on the Request for Views, Agenda Consultation 2011.

From the banking industry perspective, the standards regarding impairment and hedging, should be given the highest priority so they can be completed within the short term. Given the significance of many of the active projects, it is important that adequate resources are allocated to these projects to ensure successful completion of high quality standards.

Sufficient time should be provided that will allow both preparers and users to properly understand the changes made to IFRS and allow preparers to implement the necessary adjustments to accounting systems and financial reporting processes. Instead of developing new standards that are lower priority than those noted above, focus should be put on the improvement of the understanding and consistency in the application of IFRS. The IASB should devote resources to the maintenance of existing IFRS since they have undergone very significant changes over the last few years.

Enhancement of the Conceptual Framework is a required step as a prerequisite for setting standards that are principle based, internally consistent and internationally converged.

Yours faithfully,



Mrs Sally Scutt

Managing Director, IBFed



Mr Dirk Jaeger

IBFed Accounting Working Group

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<sup>1</sup> The International Banking Federation is representing views of a group of national banking associations. The countries represented by the Federation collectively represent more than 18,000 banks with 275,000 branches, including around 700 of the world's top 1000 banks which alone manage worldwide assets of over \$31 trillion.

The Federation represents every major financial centre and its members' activities take place in every time zone. This worldwide reach enables the Federation to function as the key international forum for considering legislative, regulatory and other issues of interest to the global banking industry.

Please find below the views of the IBFed members on the specific questions raised in the document.

### **Question 1**

**What do you think should be the IASB's strategic priorities, and how should it balance them over the next three years?**

#### **Question 1 (a)**

**Do you agree with the two categories we identified and the five strategic areas within them? If you disagree, how do you think the IASB should develop its agenda, and why?**

#### **Question 1 (b)**

**How would you balance the two categories and five strategic areas? If you have identified other areas for the IASB's agenda, please include these in your answer.**

Over the last years the ambitious workplan of the IASB has led to significant delays in several projects. The IBFed therefore believes that the IASB should indeed set its priorities and concentrate on the most urgent ongoing projects. From the financial industry perspective the successful completion of the standards regarding impairment and hedging in the short term is crucial, given the expected implementation date.

The IBFed members agree that the completion of the conceptual framework is a required step and support the IASB continuing its work to enhance the conceptual framework. This will help enhance the consistency of the standards but will also provide a sound foundation for any future developments of principle-based, internally consistent and internationally converged standards. If possible, revisions to the conceptual framework should not create conceptual inconsistencies for existing IFRS that are sound.

However, the IBFed believes that the Board will need to balance this objective with the need for a stable period and with the maintenance of existing IFRS.

Once these projects are completed, IBFed members strongly believe that a 'period of calm' is essential to permit preparers, users and other stakeholders to understand and subsequently manage and adjust to the changes and incorporate them in their accounting systems and financial reporting processes. Although we recognize that urgent new priorities could arise, the IASB should make every effort to ensure that one of its highest priorities is post-implementation reviews of IFRS. Any significant issues identified during the review process should be resolved through interpretative guidance or improvements to standards.

The IBFed would like to suggest that the Board prepare and publish detailed project plans for each project it undertakes before the specific project is started, to ensure that the needs, including the objectives of the future project and the underlying analysis, are well understood and supported by the IFRS community.

## **Question 2**

**What do you see as the most pressing financial reporting needs for standard-setting action from the IASB?**

### **Question 2 (a)**

**Considering the various constraints to which projects should the IASB give priority, and why? Where possible, please explain whether you think that a comprehensive project is needed or whether a narrow, targeted improvement would suffice.**

### **Question 2 (b)**

**Adding new projects to the IASB's agenda will require the balancing of agenda priorities with the resources available.**

**Which of the projects previously added to the IASB's agenda but deferred (see table page 14) would you remove from the agenda in order to make room for new projects, and why? Which of the projects previously added to the IASB's agenda but deferred do you think should be reactivated, and why? Please link your answer to your answer to question 2 (a).**

The IBFed members believe that prioritization is key and no new projects should be added to the agenda until the projects on impairment and hedging are completed and post-implementation reviews are undertaken. We believe however that within the hedge accounting projects, the IASB should address the issue of accounting for hedges of future forecast results in a foreign currency. We note that current IAS 39 does not allow hedge accounting of forecast future results in net foreign operations as they cannot be included as hedged items, and we would appreciate addressing this issue in the revised standard. Completion of these new standards should be followed by a period of calm to ensure proper understanding by users and preparers of changes made to IFRS.

The focus should also be put on the development of Conceptual Framework, and notably on the issues related to the principles underlying items to be included into OCI and the concept of recycling. Given that the current disclosure requirements are very onerous, IBFed believes preparers would benefit from a disclosure framework against which disclosures can be evaluated. This could also be considered within the conceptual framework project.

We believe that, only after these projects are completed and the period of calm has been provided should the IASB add additional projects to its agenda. These projects should be limited in number and developed within a reasonable time frame in order to take into account constraints of resources and complexity of developing IFRS projects. Selection of projects to add to the agenda should be based on objectives clearly demonstrated and improvements to the standard duly motivated by the Board of the IASB. Moreover, conceptual issues should be determined prior developing a standard to ensure consistency and understandability between all relevant standards.

Although not specifically addressed in the Agenda Consultation, IBFed members believe that having one set of high quality global accounting standards is highly desirable. We would therefore encourage the IASB to continue to seek future convergence with US GAAP where possible.