



The Corporate Reporting Users' Forum

To: David Tyrrell & Jeroen Hooijer  
Accounting Regulatory Committee

CC: Stig Enevoldsen  
EFRAG

By email

14<sup>th</sup> October, 2008

Dear Sirs

As users of accounts, we are very concerned that European institutions may decide to take unilateral action in relation to IAS 39 and put in place a further carve-out. Given that the IASB has already made significant concessions in relation to fair value, we believe that this would be an extremely troubling step and risks severely undermining the confidence that users have in the accounts which European companies produce. We need hardly note that confidence goes to the heart of the current market turbulence.

We believe that the steps taken by the IASB may only be justifiable by the argument that they are necessary to align the approach to fair values in Europe and the US, so that European banks are not put at a competitive disadvantage in these troubled markets. The IASB's changes to IAS 39 concern the reclassification of financial instruments accounted for under the 'trading' and 'available for sale' categories and aim to ensure international consistency in this area of financial reporting. This approach of seeking consistency was reaffirmed by the communiqué of the European leaders.

We would oppose any steps by European institutions to undermine this international consensus and further diminish investor confidence by establishing further carve-outs from IAS 39 or adopting its own standards. Now especially, investors need comparability and transparency, not further uncertainty and inconsistency.

We would urge the European institutions to focus their efforts on working with the IASB and FASB to ensure that investors receive comparability of information and that companies follow consistent reporting standards.

One of the reasons for the current crisis has been lack of investor confidence in companies' reporting. To further undermine this by carve-outs may risk prolonging the current crisis further. It is therefore essential that any EU action should have the confidence of the investment community.



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## **About the Corporate Reporting Users' Forum (CRUF)**

The CRUF came together in 2005 as a discussion forum to help its participants in their approach to the debate on current and future corporate reporting requirements. In particular, participants are keen to have a fuller input into the deliberations of accounting standard setters such as the IASB. CRUF participants come from all around the world, including individuals from both buy- and sell-side institutions, and from both equity and fixed income markets.

The CRUF is a discussion forum. The chairmanship of the CRUF rotates at each meeting and different individuals take leadership in discussions on different topics and in the initial drafting of representations. It does not seek to achieve consensus views, though at times some or all of its participants will agree to make joint representations to standard setters or to the media. It would not be correct to assume that those individuals who do not participate in a given initiative disagree with that initiative.

CRUF participants take part in discussions and joint representations as individuals, not as representatives of their employer organisations. The participants in the Forum that have specifically endorsed this response are listed below.

Yours sincerely

Nick Anderson  
Head of Research  
Insight Investment

Norbert Barth  
Executive Director  
Equity Research  
WestLB AG



The Corporate Reporting Users' Forum

Sarah Deans  
Head of Accounting & Valuation  
European Corporate Research  
J.P. Morgan Securities Ltd

Peter Elwin  
Head of Accounting & Valuation Research (Europe)  
Cazenove Equities

Ralf Frank  
Managing Director  
DVFA

Kenneth Lee  
Managing Director, Accounting and Valuation,  
Citigroup Investment Research



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Dennis Jullens  
European Head  
UBS Valuation & Accounting Research

Richard Lai

A handwritten signature in black ink, appearing to be 'PL', with a horizontal line underneath.

Paul Lee  
Director  
Hermes Investment Management Ltd

A handwritten signature in black ink, appearing to be 'Crispin Southgate', with a horizontal line underneath.

Crispin Southgate  
Institutional Investment Advisors Limited

A handwritten signature in black ink, appearing to be 'Jed Wrigley', with a horizontal line underneath.

Jed Wrigley  
Portfolio Manager  
Director - Accounting & Valuation  
Fidelity Investments