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***The EBF is committed to supporting EU policies to promote the single market in financial services in general and in banking activities in particular. It advocates free and fair competition in the EU and world markets and supports the banks' efforts to increase their efficiency and competitiveness.***

## EBF response to the IASB Request for Views on the Agenda Consultation 2011

### Key Points

- The IASB foremost priority should concentrate on the successful completion of high quality standards on the active projects on impairment, hedging, insurance contracts and leases as failure to deliver would affect the reputation of IASB and the future of IFRS.
- A period of calm is strongly required when it comes to amending existing or issuing new accounting standards. This period of calm is needed to ensure proper understanding by users and preparers of changes made to IFRS and subsequently manage, and adjust to, the changes and incorporate them in their accounting system and financial reporting process. This should be followed by a vigorous focus on implementation in terms of both inconsistencies in application and the rectification of technical failures.
- Enhancement of the conceptual framework is a required step. We support the IASB continuing its work to enhance the conceptual framework, including a presentation and disclosure framework, as this will improve the consistency of the body of standards and provide the proper groundwork for future developments.
- The IASB should devote more resources to the maintenance of existing IFRS since they have particularly undergone very significant changes over the last few years.
- Once the primary projects have been completed, the IASB should be guided by the priority of consolidating the position of IFRS as the world's leading financial reporting standard.

**Question 1**

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

The EBF considers the IASB foremost priority should concentrate on the successful completion of the standards regarding impairment, hedging, insurance contracts and leases. Over the last years the IASB has embarked on numerous projects at the same time, this ambitious approach has resulted in many projects being delayed and affecting all those involved in the process as well as the reputation of IASB. We therefore consider IASB should concentrate to deliver high quality standards on the above mentioned active projects before starting new projects. We furthermore consider that once these projects have been completed, the IASB should be guided by the priority of consolidating the position of IFRS as the world’s leading financial reporting standard.

Moreover, in order to enhance the likelihood of standards being implemented consistently and protect the reputation of IASB and the future of IFRS, we would like to emphasize that when it comes to amending existing or issuing new accounting standards we strongly believe a ‘period of calm’ is essential. This period of calm is necessary to permit preparers, users and other stakeholders participate in defining the evolution of IFRS, understand it, and subsequently manage, and adjust to, the changes and incorporate them in their accounting system and financial reporting process. This should be followed by a vigorous focus on implementation –in terms of both inconsistencies in application and the rectification of technical failures.

Lastly, we take the opportunity to advise the Board to 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 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 he 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.**

Given our view to work towards consolidating the position of IFRS, we consider the IASB should devote more resources to the maintenance of existing IFRS since they have particularly undergone very significant changes over the last few years. Nonetheless, we agree the completion of the conceptual framework is a required step and support IASB continuing its work to enhance the conceptual framework, including a presentation and disclosure framework. This will help improve the consistency of the body of standards and also provide the proper groundwork for future developments. We consider it is important that a project which will involve changes in principles is not finalized before the issue is dealt with at conceptual framework level as we believe IASB should develop and amend standards under a complete and consistent harmony with the conceptual framework.

## Question 2

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

As noted in responses to previous questions, the IASB should fully focus on ensuring the successful completion of high quality standards on impairment, hedging, insurance contracts and leases as failure to deliver would affect the reputation of IASB and the future of IFRS. After the completion of these new standards, the focus should then be oriented to have a period of calm to ensure proper understanding by users and preparers of changes made to IFRS as well as to undertake post-implementation reviews of the new standards and the enhancement of the conceptual framework, including a presentation and disclosure framework.

### 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 EBF considers IASB should not start new projects until the projects on impairment, hedging, insurance contracts and leases have been completed, a period of calm given and post-implementation reviews are undertaken in order to ensure the delivery of high quality standards. Moreover, as we believe that the IASB should spend more resources on developing project proposals, the maintenance of existing IFRS and performing post-implementation reviews, this would mean that the IASB will have fewer resources available for developing new quality standards. We note however that within the framework of the hedge accounting standard project, the IASB should address the issue regarding the accounting for hedges of future forecast results in a foreign currency. We note that current IAS 39 does not allow to do 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.

The focus should also be put on the development of conceptual framework, including a presentation and disclosure framework, and notably on the conceptual issues related to the principles underlying items to be included into OCI, the concept of recycling, the notion of performance in relation with the business model and the role of disclosures.

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.