9th November 2012

Mr Hans Hoogervorst

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

Dear Sir,

The French Society of Financial Analysts, SFAF (Société Française des Analystes Financiers) represents more than 1,600 members in France and is itself a member of the European Federation of Financial Analysts Societies (EFFAS) which comprises 27 member organisations representing more than 16,000 investments professionals. Its Accounting and Financial Analysis Commission represents analysts, fund managers and investment professionals in the debate on accounting standards. Financial analysts are among the principal users of corporate financial statements and therefore wish to express their opinion on the implementation of new or revised accountings standards.

In particular, Financial Analysts have a significant interest in the accounting for Put Options Written on Non-controlling Interests as it has a direct impact on the Financial Statements.

For this reason, our Society, through its Accounting and Financial Analysis Commission, has reviewed the Draft IFRIC Interpretation on this subject.

First, we consider that the user community needs a comprehensive understanding of the liabilities arising from put options and that their effect within the P&L statement should be properly addressed so as company's financial statements reflect their economic and financial performance in an clear and understandable way.

More precisely, we would like to make the following comments:

Question 1—Scope

The draft Interpretation would apply, in the parent's consolidated financial statements, to put options that oblige the parent to purchase shares of its subsidiary that are held by a non-controlling-interest shareholder for cash or another financial asset (NCI puts). However, the draft Interpretation would not apply to NCI puts that were accounted for as contingent consideration in accordance with IFRS 3 Business Combinations (2004) because IFRS 3 (2008) provides the relevant measurement requirements for those contracts.

Do you agree with the proposed scope? If not, what do you propose and why?

Yes, we agree in principle with this proposition, with however some concerns. We would stress indeed that the scope is very narrow for such an important issue and we would have preferred it to be wider, as we believe that there are several subjects where a clarification or explanation would be welcomed (e.g. initial recognition and measurement of the liability, including at gross or net basis, NCI forwards…as we understand there is potentially a wide diversity of practice among issuers of financial statements). Incidentally, we believe that users (and more particularly credit analysts), like in many situations, prefer a gross approach. We suggest also that the scope include the puts on NCI written by parent entities below the ultimate one.

Question 2—Consensus

The consensus in the draft Interpretation (paragraphs 7 and 8) provides guidance on the accounting for the subsequent measurement of the financial liability that is recognised for an NCI put. Changes in the measurement of that financial liability would be required to be recognised in profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments.

Do you agree with the consensus proposed in the draft Interpretation? If not, why and what alternative do you propose?

We don't not agree with the consensus proposed in the draft Interpretation. We consider indeed that the change in the measurement of such liabilities shouldn't be **in all circumstances** recognized in profit or loss. We think indeed that, for example, an increase in value of such a put may reflect an increase in value of the subsidiary and shouldn't be recorded as a loss. Also, a decrease in the value of this put may be the consequence of a decrease of the value of this subsidiary and shouldn't generate a gain at the P&L level. This problem is similar to the one we have identified, for years, with gains / losses recorded in the P&L for change in fair value of own debt.

At this stage, we fear that such a consensus being adopted, the financial statements of companies wouldn't reflect their economic realities. We would instead consider that the change in the measurement of these liabilities could in some circumstances be accounted directly through equity.

We urge therefore the IASB to properly address this subject with a wider scope and more realistic impacts so that the company's financial statements provide a true and fair view of their performance that is of importance for users of financial statements.

Question 3—Transition

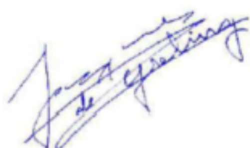
Entities would be required to apply the draft Interpretation retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

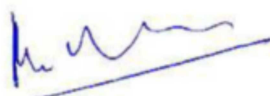
Do you agree with the proposed transition requirements? If not, what do you propose and why?

We are not in a position to agree with this proposition, since we do not agree with the former one.

We thank you for the opportunity given to us to provide our view on such important aspects of financial reporting and remain available for any further information.

Yours faithfully,





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