

Jörgen Holmquist
Director General
European Commission
DG Internal Market and Services

, 2008

Subject: Assessment of objectivity and balance of EFRAG's endorsement opinion on Amendment to *IFRS 2 – Share based Payments – Issued 17 January 2008*.

Dear Mr Holmquist,

According to Article 2 of the Commission Decision 2006/505/EC of 14 July 2006 (OJ L 199, 21.7.2006, p. 33), the task of the Standards Advice Review Group is to advise the Commission, before it takes a decision on endorsement, on whether EFRAG's opinions on endorsement of International Financial Reporting Standards (IFRS) and Interpretations by the International Financial Reporting Committee (IFRIC's) are well balanced and objective.

The International Accounting Standards Board (IASB) has published a revision of *IFRS 2 Share based Payments* on 17 January 2008.

The European Financial Reporting Advisory Group (EFRAG) has, in its letter of 12 May 2008, recommended the European Commission to propose Amendment to *IFRS 2* for adoption by the EU.

Pursuant to the request of the European Commission of 30 May 2008 for advise on whether EFRAG's opinion on endorsement of Amendment to *IFRS 2 Share based Payments* of 12 May 2008 is well balanced and objective,

the Standards Advice Review Group

having regard to the EFRAG's final opinion on endorsement of Amendment to *IFRS 2 Share based Payments* of 12 May 2008, comment letters, EFRAG's summary and analysis of comments, EFRAG's effect study, and the relevant records of the EFRAG Technical Expert Group (TEG) meetings;

having considered further information given by the Chairman of TEG and EFRAG staff at the meetings of the Standards Advice Review Group,

has concluded by consensus

that EFRAG's opinion on endorsement of Amendment to *IFRS 2 Share based Payments* of 12 May 2008 is well-balanced and objective.

Please contact me if you have questions relating to this assessment.

Yours sincerely,

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Geoffrey Mitchell
Chairman of the Group