

Jörgen Holmquist  
Director General  
European Commission  
DG Internal Market and Services

7 July, 2009

**Subject:       Assessment of objectivity and balance of EFRAG's endorsement opinion on the Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives – Issued on 12 March 2009.**

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 *the Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives* – on 12 March 2009.

The European Financial Reporting Advisory Group (EFRAG) has, in its letter of 27 May 2009, recommended the European Commission to propose the Amendments to IFRIC 9 and IAS 39 for adoption by the EU.

Pursuant to the request of the European Commission of 7 July for advise on whether EFRAG's opinions on endorsement of the *Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives* – of 12 March 2009 are well balanced and objective,

**the Standards Advice Review Group**

having regard to the EFRAG's final opinions on endorsement of the *Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives* – of 27 May 2009, 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 opinions on endorsement of the *Amendments to IFRIC 9 and IAS 39 – Embedded Derivates - of 27 May 2009* are well-balanced and objective.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Geoffrey Mitchell', written over a dotted line.

Geoffrey Mitchell  
Chairman of the Group