

23 February, 2010

Mr Jörgen Holmquist
Director General
European Commission
DG Internal Market and Services

Subject: Assessment of objectivity and balance of EFRAG's endorsement opinion on IFRIC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* – Issued on 26 November 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 *IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments* on 26 November 2009.

The European Financial Reporting Advisory Group (EFRAG) has, in its letter of 29 January 2010, recommended the European Commission to propose *IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments* for adoption by the EU.

The Standards Advice Review Group

having regard to the EFRAG's final opinion on endorsement of *IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments* of 29 January 2010, 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;

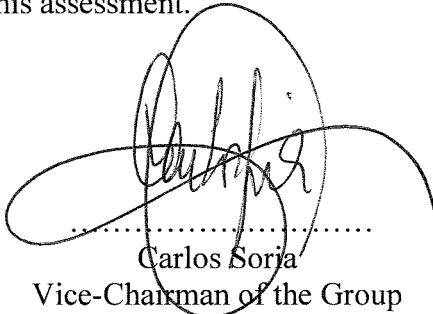
having considered further information given by the Chairman of TEG and EFRAG staff at the meetings of the Standards Advice Review Group,

has concluded by consensus

that EFRAG's opinion on endorsement of *IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments* of 29 January 2010 is well-balanced and objective.

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

Yours sincerely,



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Carlos Soria
Vice-Chairman of the Group