

**Organismo Italiano di Contabilità – OIC
(the Italian Standard Setter)**

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**Mr Robert Garnett
Chairman
International Financial Reporting Interpretations Committee
30 Cannon Street
London EC4M 6XH
United Kingdom**

Email: ifric@iasb.org

Rome, September 29th 2009

Re: Comments on IFRIC D25 *Extinguishing Financial Liabilities with Equity Instruments*

Dear Mr Garnett,

The Italian Standard Setter (OIC) is pleased to respond to the IFRIC Draft Interpretation D25 *Extinguishing Financial Liabilities with Equity Instruments* (“IFRIC D25”).

We broadly agree with the draft consensus.

However we note that, in a theoretical point of view, to be consistent with the equity definition provided by the Framework, the equity instruments issued should be measured at the fair value of the financial liability extinguished. It should be clear that the fair value of the equity instruments has relevance only if more reliably determinable than the fair value of liability.

Having said that, we do have two concerns regarding the proposals:

- 1) We are concerned about the implications that paragraph 49 of IAS 39 might have for the proposed approach. We think it would be useful if the final Interpretation could make it clear whether paragraph 49 is intended to be applied in such circumstances.
- 2) We are concerned about the treatment of common control transactions. We think that the IFRIC D25 should require a scope exclusion for these transactions because there is the risk that the implementation of the proposed interpretation will exceed the costs involved.

If you have any questions concerning our comments, please do not hesitate to contact us.

Yours sincerely,

Angelo Casò
(Chairman)