

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

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IFRS Interpretations Committee
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Re: IFRS Interpretations Committee tentative agenda decisions published in the March 2019 IFRIC Update

Dear Ms Lloyd,

We are pleased to have the opportunity to provide our comments on the IFRS Interpretations Committee (“the Committee”) tentative agenda decisions included in the March 2019 IFRIC Update.

Our comments refer to the following issues:

- a. Issue 1 – Holdings of Cryptocurrencies;
- b. Issue 2 – Subsurface Rights (IFRS 16 Leases);

Holdings of Cryptocurrencies

We generally agree with the conclusions reached by the Committee in the tentative agenda decision.

However, we are concerned with the conclusion that IAS 38 Intangible Assets applies to holdings of cryptocurrencies they are not hold for sale in the ordinary course of business, because, in our view, cryptocurrencies are normally acquired for investment purposes or to be used as a means of payment. We think that these characteristics make different cryptocurrencies from other intangible assets. Consequently, the measurement models in IAS 38 may not be the most appropriate way to represent holdings of cryptocurrencies, especially when an active market exists.

At the moment, in Italy, it is not common for IFRS preparers to hold cryptocurrencies; however, we have been informed that the use of cryptocurrencies might increase rapidly in the near future. Consequently, we think that the IASB should add to its agenda a broader project on crypto assets (ie a project on cryptocurrencies, tokens and Initial Coin Offers).

Subsurface Rights (IFRS 16 Leases)

We agree with the conclusion reached by the Committee on the specific contract described in the tentative agenda decision.

However, we have some concerns regarding:

- the process followed to reach that conclusion; and
- the unintended consequences that could arise applying by analogy the tentative agenda decision to similar fact patterns.

In particular, we believe that a more extensive outreach would have highlighted the existence of a number of different contracts that are similar to the one described in the tentative agenda decision, such as rights of way and the right to use the space above the ground.

Our stakeholders are concerned that this tentative agenda decision might be applied by analogy to these similar fact patterns and that this could generate unintended consequences.

Our stakeholders also observed that they have hundreds of contracts similar to the one described in the tentative agenda decision and normally they have an immaterial value. The application of IFRS 16 to these contracts may be costly and time consuming.