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EFRAG
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Re: EFRAG DCL on the IASB Exposure Draft on Interest Rate Benchmark Reform—Phase 2 (Proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Dear Jean-Paul,

We are pleased to have the opportunity to provide our comments on EFRAG DCL on the IASB Exposure Draft on Interest Rate Benchmark Reform—Phase 2 Proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (The ED in the letter).

We generally support the IASB's proposals included in the ED, because the proposed amendments will help preparers in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships, as a result of the Interest Rate Benchmark Reform ("the reform").

In particular, we agree with the proposed practical expedient to account for a modification of a financial instrument related to the reform and with the reliefs related to the hedge accounting requirements that allow entities to avoid the discontinuation of its hedging relationship solely due to the reform. We believe that these simplifications provide useful information to the users and reduce operation burdens for prepares.

In the ED, the IASB proposes that a financial instrument is modified if the basis for determining the contractual cash flows is changed and that a modification would arise even if the contractual terms of the financial instrument are not amended. We agree with the IASB's decision to limit the scope of this proposed amendment only to changes made as a result of the reform, because broadening the scope of this amendment could have

unintended consequences whose implications would require a separate project with sufficient time for due consideration.

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,

Angelo Casò
(Chairman)