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(The Italian Standard Setter)**

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EFRAG Discussion Paper Better Information on Intangibles – Which is the best way to go?

Dear Jean-Paul,

OIC is pleased to have the opportunity to provide its comments on the EFRAG's Discussion Paper *Better Information on Intangibles – Which is the best way to go?* (herein referred to as the 'DP').

In general, we appreciate the effort of EFRAG in dealing with such an important area of the corporate reporting, ie the information about intangibles.

In relation with the accounting of intangibles we believe that the current measurement model under IAS 38 does not create particular issues. An area of intervention which is highlighted in the EFRAG DP may be the recognition criteria, especially in distinguishing between research and development costs.

The approach 2 described in EFRAG DP – Information Relating to Specific Intangibles – may be a way to provide users with relevant information that could not currently found in financial reporting. In developing additional disclosure should not be considered the indication of fair value. Such an information would be contrary to the current accounting measurement model at cost and may give rise to a higher degree of uncertainty in the financial statements. Moreover, it should be considered that mandatory disclosure on how the business model depends on intangibles can force entities to provide commercially sensitive information.

Overall, we believe that improving current disclosure requirements on intangibles should require further research and caution.

Finally, we appreciate the effort in considering alternative approaches, and in particular the one on the so called disclosure of future-oriented expenses. In developing such an approach, it should be considered the information content of such a disclosure. Furthermore, it should not be ignored that there may be difficulties in providing such an information, especially the breakdown between costs relating to revenues of the period and costs incurred to generate future benefits. Therefore, we believe that this approach should be further investigated to verify if an acceptable cost- benefit ratio is reached.

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

Yours sincerely,

Angelo Casò
(Chairman)