



German CPA Society

Verband der Certified Public Accountants in Deutschland e.V.

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Herrn Dr. Christoph Ernst
Ministerialrat
Bundesministerium der Justiz

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Via e-mail – ernst-ch@bmi.bund.de

Germany, Stuttgart, June 29, 2004

Adoption of the amended International Accounting Standards:

- **IAS 32 Financial Instruments: Disclosure and Presentation**
- **IAS 39 Financial Instruments: Recognition and Measurement**

Dear Dr. Ernst,

Please find enclosed for your information the wording of our letter which we sent today to Mr Frederik Bolkestein, Member of the European Commission, International Market Directorate General.

Dear Mr Bolkestein

The **GCPAS-IFRS/IAS-Practice Committee** as Standing Technical Committee of the German Certified Public Accountants Society e.V. (the "GCPAS" which is the professional organization of US-Certified Public Accountants in Germany) is pleased to provide its opinion on the adoption of the amended **IAS 32 Financial Instruments: Disclosure and Presentation** and **IAS 39 Financial Instruments: Recognition and Measurement** as to be published soon by the IASB in the final form (reference is made to www.IASB.org).

We are writing to you today in order to urge you and the European Commission to adopt the International Accounting Standards 32 and 39 in the form, in which it will soon be submitted to you for consideration. Even though it could be the case that the respective final versions will not be absolutely perfect from every preparer's point of view, having a workable and not completely perfect standard is definitely preferable over having no standard at all, especially in a field as important as primary and derivative financial instruments. In addition, trying to make do without IAS 32 and 39 would put the overall convergence effort between US GAAP and the FASB on the one side and IAS/IFRS and the IASB on the other side in jeopardy. Furthermore, a rejection of IAS 32 and 39 would change the role of the EU Commission drastically: The Commission would effectively be turned into a standard setter, which is a position to be avoided.

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Everybody closely involved in accounting matters will agree that – especially in today's environment – accounting standards will always need adaptation to new insights and to new developments, thus evolving and improving over time. Accordingly, IAS 32 and 39 will also become “better” over time. We also know that Sir David Tweedy of the IASB and Bob Herz of the FASB are committed to an approach aiming at continuous improvement of quality, also relying on the active involvement of the preparers in this process.

Based on our contacts and discussions with numerous Europe-based bankers and insurers and also with fellow CFOs at major European companies, we know that they all share the view presented in this letter and that they are very concerned about any negative effects a non-adoption of IAS 32 and 39 would have not only on the world-wide convergence process, but also on the standing of accounting in Europe.

We would be grateful for considering the aspects put forward in this letter.

Respectfully submitted,

GCPAS International Financial Reporting/Accounting Standards Practice Committee (IFRS/IASPC)

Prof. Dr. Peter Leibfried Dipl.-Oec. MBA CPA (IL, USA)

Dipl.-Oec. Klaus Wendlandt CPA (DE, USA)

on behalf of the **German CPA Society e.V. Executive Committee and Council:**

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