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EFRAG
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B-1000 Brussels
Belgique

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Berlin, 11 July 2013

Dear Françoise,

**EFRAG's DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON
Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge
Accounting**

On behalf of the German IFRS Committee I am writing to comment on EFRAG's Assessment of the Novation of Derivatives and Continuation of Hedge Accounting.

We agree with the views set out in the assessment. As a national standard-setter we are not in a position to answer the questions regarding the costs that will arise for preparers and for users to implement the amendment. We therefore sent your assessment-form to the DAX30 entities and got feedback from two companies, which indicated that they agree to the assessment made by EFRAG.

As attachments to this letter you will find our comments to the above mentioned assessment as well as those received from the DAX30 entities.

If you have any further questions, please do not hesitate to contact me.

Yours sincerely,

Liesel Knorr
President

**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON
Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge
Accounting**

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS

Comments should be sent to commentletters@efrag.org by 11 July 2013

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the *Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting* ('Amendments to IAS 39'). In order to do that, EFRAG has been carrying out an assessment of the Amendments to IAS 39 against the technical criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from its implementation in the European Union (the EU) and European Economic Area.

A summary of the Amendments to IAS 39 is set out in Appendix 1.

Before finalising its two assessments, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record, unless the respondent requests confidentiality. In the interest of transparency EFRAG will wish to discuss the responses it receives in a public meeting, so we would prefer to be able to publish all the responses received.

EFRAG initial assessments summarised in this questionnaire will be amended to reflect EFRAG's decisions on Appendix 2 and 3.

1 Please provide the following details about yourself:

- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

Accounting Standards Committee of Germany (ASCG)

- (b) Are you a:

Preparer User Other (please specify)

National Standard Setter

- (c) Please provide a short description of your activity:

*Novation of Derivatives and Continuation of Hedge Accounting –
Invitation to Comment on EFRAG’s Initial Assessments*

See above

(d) Country where you are located:

Germany

(e) Contact details including e-mail address:

Liesel Knorr – c/o DRSC e.V.

Zimmerstr. 30; 10969 Berlin

knorr@drsc.de

2 EFRAG’s initial assessment of the Amendments to IAS 39 is that they meet the technical criteria for endorsement. In other words, they are not contrary to the principle of true and fair view and they meet the criteria of understandability, relevance, reliability and comparability. EFRAG’s reasoning is set out in Appendix 2.

(a) Do you agree with this assessment?

Yes

No

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG’s endorsement advice.

(b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of the Amendments to IAS 39? If there are, what are those issues and why do you believe they are relevant to the evaluation?

None.

3 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation of the Amendments to IAS 39 in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this Invitation to Comment will be used to complete the assessment.

The results of the initial assessment of costs are set out in paragraphs 5 to 7 of Appendix 3. To summarise, EFRAG’s initial assessment is that the Amendments to IAS 39 will not result in increased costs to users, i.e., it is likely to be cost neutral.

Do you agree with this assessment?

*Novation of Derivatives and Continuation of Hedge Accounting –
Invitation to Comment on EFRAG's Initial Assessments*

Yes No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

We as a National Standard Setter are not in a position to comment on this issue.

Both our constituents responding to this survey agree with EFRAG's assessment.

- 4 In addition, EFRAG is assessing the benefits that are likely to be derived from the Amendments to IAS 39. The results of the initial assessment of benefits are set out in paragraphs 2 to 4 of Appendix 3. To summarise, EFRAG's initial assessment is that the overall benefits of not derecognising the hedge accounting relationships are likely to outweigh costs associated with providing this information to users.

Do you agree with this assessment?

Yes No

If you do not agree with this assessment, please provide your arguments and indicate how this should affect EFRAG's endorsement advice?

We as a national standard setter are not in a position to comment on this issue.

Both our constituents responding to this survey agree with EFRAG's assessment.

- 5 EFRAG's initial assessment is that the benefits to be derived from implementing the Amendments to IAS 39 in the EU as described in paragraph 4 above are likely to outweigh the costs involved as described in paragraph 3 above.

Do you agree with this assessment?

Yes No

If you do not agree with this assessment, please provide your arguments and indicate how this should affect EFRAG's endorsement advice?

We as a national standard setter are not in a position to comment on this issue.

Both our constituents responding to this survey agree with EFRAG's assessment.

- 6 EFRAG is not aware of any other factors that should be taken into account in reaching a decision as to what endorsement advice it should give the European Commission on the Amendments to IAS 39.

Do you agree that there are no other factors?

Yes No

*Novation of Derivatives and Continuation of Hedge Accounting –
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If you do not agree, please provide your arguments and indicate how this should affect EFRAG’s endorsement advice?



European Financial Reporting Advisory Group ■

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- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

Linde AG

- (b) Are you a:

Preparer User Other (please specify)

- (c) Please provide a short description of your activity:

Novation of Derivatives and Continuation of Hedge Accounting –
Invitation to Comment on EFRAG's Initial Assessments

Corporate entity in the sectors industrial gases
and engineering

(d) Country where you are located:

Germany

(e) Contact details including e-mail address:

Andreas Schatz

Phone: ++49 89 35757 1594

andreas.schatz@linde.com

2 EFRAG's initial assessment of the Amendments to IAS 39 is that they meet the technical criteria for endorsement. In other words, they are not contrary to the principle of true and fair view and they meet the criteria of understandability, relevance, reliability and comparability. EFRAG's reasoning is set out in Appendix 2.

(a) Do you agree with this assessment?

Yes

No

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG's endorsement advice.

(b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of the Amendments to IAS 39? If there are, what are those issues and why do you believe they are relevant to the evaluation?

N/A

3 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation of the Amendments to IAS 39 in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this Invitation to Comment will be used to complete the assessment.

The results of the initial assessment of costs are set out in paragraphs 5 to 7 of Appendix 3. To summarise, EFRAG's initial assessment is that the Amendments to IAS 39 will not result in increased costs to users, i.e., it is likely to be cost neutral.

Do you agree with this assessment?

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Yes No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

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Do you agree that there are no other factors?

Yes No

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The Volkswagen Group is one of the world's leading automobile manufacturers and the biggest carmaker in Europe. Our parent company, the VOLKSWAGEN AG is located in Wolfsburg, Germany. The group currently operates 100 production plants in Europe, the Americas, Asia and Africa. Around the world over 550,000 employees produce more than 37,000 vehicles or are involved in vehicle-related services each working day. The Volkswagen Group sells its vehicles in more than 153 countries. With our 100%-owned subsidiary Volkswagen Financial Services AG we are also the largest automobile financial services provider in Europe. As of December 31, 2012, our total balance sheet amounts to €309,644 million and our sales revenue amounts to €192,676 million.

- (b) Are you a:

Preparer User Other (please specify)

- (c) Please provide a short description of your activity:

*Novation of Derivatives and Continuation of Hedge Accounting –
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See answer to 1(a).

(d) Country where you are located:

See answer to 1(a).

(e) Contact details including e-mail address:

Dr. Ingrun-Ulla Bartölke
Head of Group Accounting
VOLKSWAGEN AG
D-38436 Wolfsburg
ingrun-ulla.bartoelke@volkswagen.de

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In our view all issues are mentioned.

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Do you agree that there are no other factors?

Yes No

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