Deutsches Rechnungslegungs Standards Committee e.V.
Accounting Standards Committee of Germany
® Der Standardisierungsrat

DRSC e. V. • Zimmerstr. 30 • 10969 Berlin

Telefon +49 (0)30 206412-12
Telefax +49 (0)30 206412-15
E-Mail info@drsc.de

EFRAG
Françoise Flores
Chairman EFRAG TEG
35 Square Meeûs

B-1000 Brussels

Berlin, XX December 2011

161. DSR-Sitzung am 24.11.2011
161_03c_InvEnt_CL_GASB_EFRAG_Entwurf

Dear Françoise,

EFRAG's draft comment letter on the IASB's Exposure Draft on *Investment Entities*

On behalf of the German Accounting Standards Board (GASB) I am writing to comment on EFRAG's draft comment letter on the IASB's ED/2011/4 *Investment Entities*. The GASB welcomes the proposal to introduce an exemption from consolidation.

We would like to specifically address the following issues:

- **Exemption from consolidation**: As EFRAG suggests in its question to constituents in paragraph 9 of the draft comment letter, the GASB proposes an investment-specific approach to defining the scope of the exemption from consolidation: the exemption should be based on the specific characteristics of the investment rather than on the characteristics of the investment entity. Please note our arguments brought forward in the attached comment letter to the IASB.
- **Accounting in the consolidated financial statements of a non-investment parent**: We agree with EFRAG's view that a parent of an investment entity, which is not an investment entity itself, should not be required to consolidate the controlled entities that it holds through subsidiaries that are investment entities; it should rather be required to use the same measurement basis, i.e. fair value.
- **Criteria for determining whether an entity is an investment entity:** We agree with EFRAG's view that the exit strategy is a key aspect in identifying qualifying investments (under our model) or investment entities (under the IASB's model).
- **Pooling of funds**: We disagree with EFRAG's assumption about the need for multiple investors because of the difficulty "to distinguish between *true* investment entities and en-

tities set up for other purposes”: we do not deem unrelated investors collectively holding significant ownership a meaningful criterion for qualifying entities as investment entities.

- **Disclosure:** We agree with EFRAG that the IASB should redraft the disclosure requirements so as to clearly state which disclosures it mandates, therewith ease the application.
- **Changes to IAS** 28: We agree with the necessity to carefully consider possible impacts of the change to the reference to “investment entities”; however, we disagree with EFRAG’s concern about the need for impact assessments regarding the removal of the measurement option. Until recently IAS 28 contained that requirement for venture capital organisations, mutual funds, unit trusts and similar entities; therefore it would be an assessment of the impact of no change.

For further details, please see our comment letter to the IASB as attached to this letter.

If you would like to discuss any aspect of our comments further, please do not hesitate to contact me.

Yours sincerely,

Liesel Knorr
President