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**IFRS Technical Committee**

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Berlin, 14 September 2021

Dear Jean-Paul,

**IASB Exposure Draft ED/2021/8 *Initial Application of IFRS 17 and IFRS 9***

On behalf of the Accounting Standards Committee of Germany (ASCG) I am writing to contribute to EFRAG's Draft Comment Letter on the Exposure Draft ED/2021/8 *Initial Application of IFRS 17 and IFRS 9—Comparative Information*.

Please find attached our comment letter to the IASB.

If you would like to discuss our comments further, please do not hesitate to contact Jan-Velten Große ([grosse@drsc.de](mailto:grosse@drsc.de)) or me.

Yours sincerely,

*Sven Morich*

Vice President

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Berlin, 14 September 2021

Dear Andreas,

**IASB Exposure Draft ED/2021/8 *Initial Application of IFRS 17 and IFRS 9***

On behalf of the Accounting Standards Committee of Germany (ASCG), I am writing to comment on the Exposure Draft ED/2021/8 *Initial Application of IFRS 17 and IFRS 9—Comparative Information* issued by the IASB on 28 July 2021 (herein referred to as ‘ED’). We appreciate the opportunity to comment on the proposals.

We support the Board’s decision to rapidly respond to this implementation issue raised by the affected industry. This said, we fully agree with the proposed amendment. Further, we appreciate that the proposed amendments do not comprise additional disclosure requirements, since any such disclosures would have contradicted the operational relief by this amendment.

However, we point to a detrimental aspect of the proposed classification overlay resulting from its scope and possibly causing operational difficulties. We acknowledge a deviation between the (broader) scope of the “temporary exemption of applying IFRS 9” – being available to all financial instruments if the group/entity has predominant insurance activities accompanied by insignificant banking activities – and the (narrower) scope of the “classification overlay”. This given, a financial conglomerate could defer applying IFRS 9 for its entire activities. However, a conglomerate could not apply the classification overlay for financial assets within its (minor) banking activities, assuming that these are “not connected with contracts within the scope of IFRS 17”. If so, in applying the temporary exemption all financial assets are treated alike, but applying the classification overlay could be complex since financial assets need to be clustered – and then be treated unlike –, depending on whether they are part of the insurance business (ie. classification overlay available) or the banking activities (ie. no classification overlay).

If you would like to discuss our comments further, please do not hesitate to contact Jan-Velten Große ([grosse@drsc.de](mailto:grosse@drsc.de)) or me.

Yours sincerely,  
*Sven Morich*  
Vice President

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