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CHAIRMAN

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N°

PARIS, 30TH MAY 2005

Mr. Kumar Dasgupta

IFRIC

30 Cannon Street

LONDON EC4M 6XH

United Kingdom

Re : IFRIC Draft Interpretation D 15 – *Reassessment of Embedded Derivatives*

Dear Mr. Dasgupta,

The Conseil National de la Comptabilité (CNC) appreciates the opportunity to comment on the IFRIC Draft Interpretation D 15 – *Reassessment of Embedded Derivatives*.

The CNC fully supports the conclusion reached in the consensus of the IFRIC Draft Interpretation D 15. To answer to your specific questions, we consider that :

- (i) the assessment about the existence of embedded derivatives has to be made only when the entity first becomes a party to the contract, and should not be reconsidered throughout the life of the contract ;
- (ii) a first-time adopter should make its assessment on the basis of the conditions that existed when the entity first became a party to the contract, and not on the basis of those prevailing when the entity adopts IFRSs for the first time.

With respect to the assessment of hybrid instruments on the date of acquisition as part of a business combination, we understand that, consistent with paragraph BC 9, the acquirer's assessment is required at the date of the business combination, when the acquirer becomes a party to the hybrid contract, which may result in a different conclusion to that reached by the acquiree at the initial contract date. We suggest that the IFRIC mentions more precisely this point.

If you want further information, do not hesitate to contact Mrs Marie-Pierre Calmel (00.33.1.53.44.52.12).

Yours sincerely,

Antoine BRACCHI