

April 25, 2013

Comment Letter  
Hans Hoogervorst  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

**Response to Exposure Draft ED/2012/4 Classification and Measurement: Limited Amendments to IFRS 9 and Exposure Draft ED/2013/2 Novation of Derivatives and Continuation of Hedge Accounting**

Dear Chairman Hoogervorst,

Accounting Research and Development Foundation in Taiwan appreciates the opportunity to respond to the above exposure drafts. However, we took a long time to request the opinions from financial institutions and therefore couldn't delivery our comments during the comment period.

Our comment is as follows :

We generally agree with the proposed amendments. However, IASB proposes that if the economic relationship between principal and consideration for the time value of money and the credit risk is modified due to an interest rate mismatch feature or leverage ('a modified economic relationship'), an entity shall assess that modification to determine whether the contractual cash flows represent solely payments of principal and interest. If the modification could result in contractual cash flows that are more than insignificantly different from the benchmark cash flows, the contractual cash flows are not solely payments of principal and interest. In regard to assessing a modified economic relationship, this Exposure Draft does not propose sufficient, operational application guidance. We suggest providing additional operational application guidance on the "insignificance" tests for modified economic relationships.

If you have any question about our comment, please contact my staffer, Ms. Louise Wu via

Comments from ARDF Taiwan re ED/2012/4 and ED/2013/2

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Sincerely Yours,

Tang-Chieh Wu

Vice Chairman of Financial Supervisory  
Commission

Chairman of Accounting Research and  
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