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7 June 2019

Re: EFRAG DCL on the IASB Exposure Draft Interest Rate Benchmark Reform – Proposed amendments to IFRS 9 and IAS 39

Dear Jean-Paul,

We are pleased to have the opportunity to provide our comments in order to contribute to the EFRAG comment letter on the IASB Exposure Draft *Interest Rate Benchmark Reform – Proposed amendments to IFRS 9 and IAS 39* (the ED in the letter).

We support the IASB's proposed amendments to IFRS 9 and IAS 39 to provide relief on specific hedge accounting requirements, because they address the uncertainties arising from the interest rate benchmark reform.

We also support the IASB's decision to address separately the pre-replacement issues (phase 1) and the replacement issues (phase 2); however, we suggest to address the second phase of the project as soon as possible.

We note that, according to paragraph 6.8.1 of IFRS 9 and paragraph 102A of IAS 39, the proposed amendments shall be applied when an existing interest rate benchmark is replaced with an alternative interest rate. We observe that in some situations (eg Euribor) the interest rate benchmark should not be replaced, but its calculation methodology should change. We suggest the IASB to clarify whether an entity shall apply the proposed amendments when there is a change in the calculation methodology that gives rise to uncertainties about the timing and/or the amount of the interest rate benchmark-based cash flows of the hedged item and/or of the hedging instrument. We think that this clarification will be very important for European entities, because some may think that the proposed amendments shall be applied only when an interest rate benchmark is replaced with an alternative interest rate.

Yours sincerely,

Angelo Casò

(Chairman)