



February 24th 2014

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

Discussion Paper: Conceptual Framework

Comments by the French Society of Financial Analysts (SFAF) Financial Analysis and Accounting Commission

Dear Sir,

The French Society of Financial Analysts, SFAF (Société Française des Analystes Financiers), is pleased to submit its contribution as part of the consultation undertaken by the International Accounting Standards Board (IASB) on the discussion paper on Conceptual Framework, which was discussed in our Accounting and Financial Analysis Commission.

SFAF represents more than 1,600 members in France and is itself a member of the European Federation of Financial Analysts Societies (EFFAS) which comprises 27 member organizations representing more than 16,000 investment professionals. Its Accounting and Financial Analysis Commission intends to represent analysts and fund managers in the debate on accounting standards. Financial analysts are among the principal users of corporate financial statements and therefore wish to express their opinion on the implementation of new or revised accounting standards.

For this reason, our Society, through its Accounting and Financial Analysis Commission, is keen to respond to your consultation on this subject. We limit our comments on two subjects which are the most relevant for users of financial statements, ie debt vs equity and other comprehensive income (These two points were also the ones discussed at the latest Capital Advisory Committee meeting).

Regarding the **distinction between debt and equity**, we view the proposal as unclear and not improving comparability, a key criteria for users. Following meetings with our constituents it was clear that most members felt troubled by the proposal, and that there were, among us, various understandings of the two approaches explored (Strict obligation / Narrow equity). We believe that further explanations and clarifications are required in order to answer properly to your questions regarding this point.

However we believe that you miss to cover couple of relevant points and this is regrettable due to the importance of the subject. The paper does not cover the accounting of some so-called “hybrids instruments” giving flexibility to corporations to make their own choices, and sometimes reducing comparability.

We do not believe that the proposed remeasurement at fair value of the ‘other’ component of equity adds any supplementary value to users and would on the contrary make the disclosures even more complex and difficult to understand since the ‘ultimate’ component of equity itself is not remeasured. We believe that a better disclosure of the cost associated to these ‘hybrid’ equity instruments at the bottom of the income statement would be a better way to add meaningful and useful information for users.

In addition, we would like to stress that financial statements users overwhelmingly look at minority interest (non-control interest) as a part of shareholder equity, presented however on a separate line, and are much in favor of the so-called parent-company approach.

Regarding **Other Comprehensive Income**, we very much welcome this work, as we already stressed that the Board needed to work on this subject (see our previous comment letter on the ED Presentation of Items of Other Comprehensive Income, issued September 2010). There was a general agreement among us that finding a single reason for other comprehensive income would be unrealistic, and we thus feel comfortable with the broad approach to these items. Additionally, there was also a strong majority in favor of recycling other comprehensive income items when it provides relevant information, even though it should be clarified that “relevant information” is to be understood as for the perspective of a user of financial statements.

Finally, there was a strong consensus that the alternative approach is inappropriate, as it is equivalent to not making any choice on whether or not other comprehensive items are relevant to assess the performance of a company.

If you have any question and/or would like to comment on specific points, our Commission will be more than willing to do so.

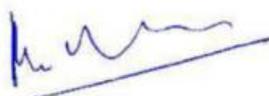
Yours faithfully,



Jacques de Greling

Co-Chairman of Accounting and
Financial Analysis Commission

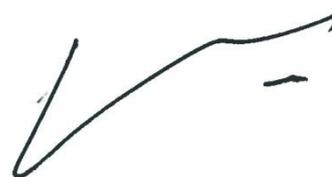
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