



Association pour la participation des
entreprises françaises à l'harmonisation
comptable internationale



Mouvement
des Entreprises de France
MEDEF

A F E P

Association Française des Entreprises Privées

Project Manager
IFRIC
30 Cannon Street
London EC4M 6XH
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Paris, October 5, 2007

Re: D 22 Hedging of a net investment in a foreign operation

ACTEO, AFEP & MEDEF welcome the opportunity to comment on the IFRIC exposure draft "D22 : Hedging of a net investment in a foreign operation".

ACTEO, AFEP & MEDEF concur with the IFRIC that clarification of the interaction of IAS 21 and IAS 39 was needed and welcome the interpretation.

We support the consensus reached by the IFRIC on the three issues dealt with D22 :

- we agree that conversion into the presentation currency of a parent does not generate any currency risk exposure; therefore we agree that hedging of a net investment be limited to foreign exchange differences arising between functional currencies only ; this is consistent with hedging requirements that an economic exposure exists ;
- we agree that the hedging instrument can be held in any entity in the group, except the entity being hedged; this is consistent with the group being managed as one single unit of economic interest ;
- we agree that hedge accounting may be applied to the foreign currency exposure arising between the functional currency of the foreign operation and the functional currency of any parent entity (the immediate, intermediate, or ultimate parent entity of the foreign operation), provided that foreign exchange exposures are not counted twice ; this is consistent with each of the principles referred to in the above paragraphs.

Should you wish any supplementary comment or explanation, please do not hesitate to contact us.

ACTEO

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