

Date: 10 December 2012  
JC/2012/115

**Hans Hoogervorst**  
**Chairman**  
**IASB**  
**Cannon Street 30**  
**London EC4M 6XH**  
**United Kingdom**

## **The IASB's Request for Information on its Comprehensive Review of IFRS for SMEs**

Dear Mr Hoogervorst,

*Hans,*

The European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA), together forming the European Supervisory Authorities (the ESAs), appreciate the opportunity to respond, through their Joint Committee, to the IASB's request for information regarding the upcoming review of IFRS for SMEs.

One of the objectives of the ESAs, as independent EU authorities and as members of the European System of Financial Supervision, is to protect the stability of the financial system, transparency of markets and financial products as well as to protect investors and consumers.

Therefore, we have a strong interest in promoting sound and high-quality accounting standards for the financial sector. We believe that transparent, high quality and comparable financial statements are key to the transparency of markets and to foster strengthened market discipline.

Whilst we do not intend to comment in detail on the IASB's request for information or to provide suggestions for amendments to IFRS for SMEs, we ask you to note our serious concerns regarding the question whether the use of IFRS for SMEs should be permitted for financial institutions, see question S2 Use by financial institutions (Section 1). We ask you not to change the current requirements and to continue to prohibit using IFRS for SMEs for all financial institutions and other entities that hold assets for a broad group of stakeholders as one of their primary businesses. The Joint Committee does not support that small or medium-sized financial institutions should be subject to less public accountability or would be less important for the public interest.

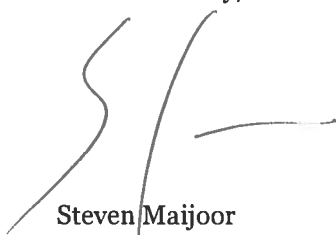
From our point of view, the size of a financial institution is not the only relevant indication of its importance to the public. Every financial institution, regardless of its size, can represent a high risk to individual customers, investors, depositors or policyholders and depending on their interconnectedness, possibly even to the stability of the financial system. Because of the crucial role that financial institutions play in the economic system and the resulting public interest they need to be publicly accountable.

We perceive financial information to be of such critical importance to financial institutions' stakeholders, such as investors, depositors, policyholders and supervisors, that we cannot support an approach that permits financial institutions to use simplified accounting standards, which cannot appropriately reflect their business.

We believe that the use of full IFRSs aims to fairly reflect the financial situation and performance of publically accountable entities, such as financial institutions. Consequently, and whilst we are conscious of the costs of complying with regulation and that we always seek to follow a proportionate approach, we feel there is no room for an adequate application of IFRS for SMEs to financial institutions without compromising the objectives of financial reporting, in particular the objective to provide decision-useful information.

Please do let us know if you would like to discuss this further.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'S Maijor', with a horizontal line extending to the right from the end of the signature.

Steven Maijor  
Chair of the Joint Committee of the ESAs and chair of ESMA

Cc:

Andrea Enria  
Chair of EBA

Gabriel Bernardino  
Chair of EIOPA