

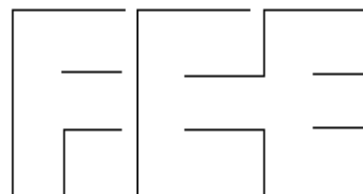
Date  
8 July 2005

Le Président

Fédération  
des Experts  
Comptables  
Européens  
AISBL

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Mr. Stig Enevoldsen  
Chairman  
Technical Expert Group  
EFRAG  
Avenue des Arts 41  
1000 BRUXELLES



Dear Mr. Enevoldsen,

Re: EFRAG draft comment letter on IFRIC Draft interpretation D16 *Scope of IFRS 2*

FEE (Fédération des Experts Comptables Européens, European Federation of Accountants) is pleased to submit its views on the EFRAG draft comment letter on the IFRIC Draft interpretation D16. We agree with the support expressed by EFRAG, and we support the conclusion reached by IFRIC that IFRS 2 applies to transactions in which the entity cannot specifically identify some or all of the goods or services received. We have some additional comments to share with EFRAG.

We believe that the transaction in the Illustrative Example does not meet the definition of a share-based payment transaction under the IFRS 2 definition. However, we agree that this transaction should be treated as a share-based payment transaction and be expensed. This raises a more fundamental question of whether the definition of share-based payment transaction should not be amended and the scope of IFRS 2 should be widened to include any share-based payment transaction, whether or not goods or services are received in consideration. Even if the consideration received cannot be identified, like in the Illustrative Example, the grant of equity instruments should be expensed, in any case, if no asset is received in exchange.

We could arrive to the same conclusion without having to amend IFRS 2. In the absence of a standard that applies to the transaction described in paragraph 7, entity shall use the IAS 8 hierarchy and refer to IFRSs dealing with similar and related issues. IFRS 2 would then apply to the transaction, even if it does not meet the definition of a share-based payment transaction under IFRS 2.

We therefore agree with the consensus reached by IFRIC but we question the way to reach this consensus. The Basis for conclusions should be improved to refer to the IAS 8 hierarchy. At the end, we think it does not matter if goods or services are specifically identifiable or not, or if the fair value of the consideration received is less than the fair value of the equity instruments granted. If no asset is recognized, the share-based payment shall be recognized as expenses.

We would be pleased to discuss any aspect of this letter you may wish to raise with us.

Yours sincerely,

FEE

A handwritten signature in black ink, appearing to read "David Devlin". The signature is fluid and cursive, with the first name "David" and last name "Devlin" clearly distinguishable.

David Devlin  
President