

**Wayne Upton
Chair
IFRS Interpretations Committee
30 Cannon Street
London, EC4M 6XH
United Kingdom**

Re: The IFRS Interpretations Committee's tentative agenda decision on IAS 19 – *Employee benefits*: Employee benefit plans with a guaranteed return on contributions or notional contributions

Dear Mr. Upton,

The European Securities and Markets Authority (ESMA) is an independent EU Authority that contributes to enhancing the protection of investors and promoting stable and well-functioning financial markets in the European Union (EU). ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active coordination of national supervisory activity.

ESMA has considered the IFRS Interpretations Committee's (IFRS IC) tentative decision to remove from its agenda the project addressing the request for clarification it received related to accounting for employee benefit plans with a guaranteed return on contributions or notional contributions, because of the difficulties encountered in progressing on the issues.

ESMA is concerned that the IFRS IC was unable to reach consensus on the scope of the amendments to IAS 19 – *Employee Benefits* considering the current diversity in practice in accounting for employee benefit plans with a guaranteed return on contributions or notional contributions and consequently decided to remove the project from its agenda. ESMA points out that these types of plans are widespread in some jurisdictions, including some countries of the EU. ESMA strongly agrees with the IFRS IC that reducing diversity in practice in the short term would be beneficial.

Consequently, ESMA has concerns about referring this issue to the International Accounting Standards Board (IASB) and recommending adding it to the IASB's research agenda, as that would imply it is unlikely to be addressed in the foreseeable future. ESMA believes that the issue is sufficiently limited and diver-



sity in the application of the IAS 19 is widespread in order to be addressed by the IASB as a separate project in the near future and urges the IFRS IC to recommend this course of action to the IASB.

We would be happy to discuss these issues further with you.

A handwritten signature in blue ink, consisting of a large, stylized 'S' followed by a vertical line and a horizontal dash.

Steven Maijoor

Chair

European Securities and Markets Authority

Cc: Hans Hoogervorst, Chairman, International Accounting Standards Board