

October 7, 2004

Comments on the Exposure Draft of Proposed Amendments to IAS 39

Japanese Bankers Association

The Japanese Bankers Association is an industry association with 143 Japanese bank and 38 foreign bank members. We are grateful for the opportunity to express our opinions on the Exposure Draft of Proposed Amendments to IAS 39 ("Financial Guarantee Contracts and Credit Insurance").

Below are our comments on the Exposure Draft, which are made with reference to the future application of IAS standards. We ask that our comments be taken fully into account in the final revisions to the standard.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 4 "Insurance Contracts"

Financial guarantee contracts and credit insurance

- Measurement of "financial guarantees"
 - Regarding the measurement of "financial guarantees" subsequent to initial recognition, the Exposure Draft mandates separate treatment for "financial guarantee contracts that were entered into or retained on transferring financial assets or financial liabilities to another party" and other forms of guarantee. We would like to see the rationale for these classifications.
We would also like to see examples of each of these categories included in the document.
- Examples, etc. provided in the exposure draft
 - When the exposure draft examines accounting standards, we would like to see concrete examples of accounting treatment included wherever possible.
(For instance, representative examples, specific treatment of guarantee fees, accounting treatment of the guaranteed party, etc.)