



EUROPEAN CENTRAL BANK

Jean-Claude TRICHET
President

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EX4M 6XH
United Kingdom

13 April 2005

L/JCT/05/229

Dear Sir David,

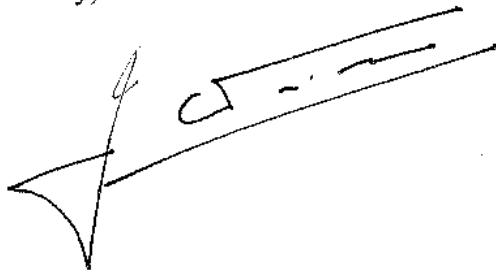
Amendments to IAS 39: The fair value option

I am writing with regard to the current version of the proposal to amend IAS 39 concerning the fair value option. In my letter to you dated 13 January 2005, I conveyed the ECB's opinion that, although the overall direction taken from a prescriptive rules-based towards a principles-based approach was not opposed by the ECB, the formulation as it stood was not acceptable, given its potential for unduly expanding the application of the fair value option vis-à-vis the Exposure Draft. In addition, with the intention of contributing constructively to achieving a solution acceptable to all, the letter included specific proposals aimed at appeasing our concerns regarding the inappropriate use of the fair value option.

Following the constructive dialogue between the IASB and all relevant parties, progress was achieved regarding the proposed amendments to the fair value option. Indeed, the current proposal takes into account most of our specific proposals and addresses our main concerns. It can therefore be supported by the Governing Council of the ECB.

In hoping that the proposal will eventually be approved by the IASB, I would like to stress once again that the ECB attaches great importance to the constructive dialogue which has been developed with the IASB and we look forward to having further opportunities to strengthen our cooperation in the future.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Charlie McCreevy', written over a horizontal line. The signature is stylized and somewhat cursive.

c.c. Commissioner Charlie McCreevy

Members of the Governing and General Councils of the ECB

Alexander Schaub – DG Internal Market, European Commission