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103. Sitzung IFRS-FA am 11.06.2021
103_05b_IFRS-FA_IAS21_SN_EFRAG

Jean-Paul Gauzès
EFRAG Board President
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Berlin, 3 June 2021

Dear Jean-Paul,

IASB Exposure Draft ED/2021/4 *Lack of Exchangeability*

On behalf of the Accounting Standards Committee of Germany (ASCG) I am writing to contribute to EFRAG's Draft Comment Letter (herein referred to as 'DCL') on the IASB's ED/2021/4 *Lack of Exchangeability* (herein referred to as 'ED') by providing our feedback vis-à-vis the IASB.

We provide our response to EFRAG's questions to constituents in the appendix of this letter and attach our comment letter to the IASB, containing our detailed comments on the questions raised in the ED.

If you would like to discuss our comments further, please do not hesitate to contact Olga Bultmann (bultmann@drsc.de) or me.

Yours sincerely,

Sven Morich

Vice President

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Appendix – Answers to the questions in the DCL

Question 2 – Determining the spot exchange rate when exchangeability is lacking

What methods do you currently use to adjust exchange rates that lack exchangeability? What factors do the models consider (inflation, penalties, incentives etc.)?

[Response is pending.]

In your view, would you consider additional guidance regarding the estimation process, when the observed rate does not faithfully reflect the prevailing economic conditions, as useful? What kind of additional information would you consider as useful?

Yes, we consider additional guidance as useful. In our view, this guidance should be in form of illustrative examples on how an entity would reasonably estimate the exchange rate when there is no observable exchange rate or when the observable exchange rate does not meet the conditions of an estimated spot rate in paragraph 19A. Please refer also to our comments on Question 2 in the comment letter to the IASB attached below.