

European Financial Reporting Advisory Group
35 Square de Meeûs
1000 Brussels
Belgium
By email to: commentletters@efrag.org

17th May 2017

Dear Sirs,

Ref.: EFRAG's Public Consultation – IASB's Exposure Draft on Prepayment Features with Negative Compensation

The International Swaps and Derivatives Association ("ISDA")¹ is pleased for the opportunity to respond to the above referenced Public Consultation on the Exposure Draft ('ED') issued by the International Accounting Standards Board ("IASB").

Our members are happy to submit advanced comments by 17th May as EFRAG has solicited. We will submit detailed comments closer to the IASB's public consultation deadline.

At this stage, our members would like to state that prepayment features with negative compensation should be subject to the same eligibility criteria as prepayment features with positive compensation.

Yours faithfully,

Lisa Bomba
Managing Director
Head of Accounting Policy & Advisory Group
Deutsche Bank AG

Antonio Corbi
Director
Risk and Capital
ISDA, Inc

¹ Since 1985, the International Swaps and Derivatives Association has worked to make the global derivatives markets safer and more efficient. ISDA's pioneering work in developing the ISDA Master Agreement and a wide range of related documentation materials, and in ensuring the enforceability of their netting and collateral provisions, has helped to significantly reduce credit and legal risk. The Association has been a leader in promoting sound risk management practices and processes, and engages constructively with policymakers and legislators around the world to advance the understanding and treatment of derivatives as a risk management tool. Today, ISDA has over 850 member institutions from 68 countries. These members comprise of a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. ISDA's work in three key areas – reducing counterparty credit risk, increasing transparency, and improving the industry's operational infrastructure – show the strong commitment of the Association toward its primary goals; to build robust, stable financial markets and a strong financial regulatory framework. Information about ISDA and its activities is available on the Association's web site: www.isda.org.