

## INVITATION TO COMMENT ON FICE EFRAG SECRETARIAT WORKING PAPER: EARLY-STAGE ANALYSIS

Once filled in, this form should be submitted by 1 April 2019 using the 'Comment publication link' available at the bottom of the respective news item. All open consultations can be found on EFRAG's web site: [Open consultations: express your views.](#)

The EFRAG Secretariat is seeking stakeholder comments on this EFRAG Secretariat Working Paper (Working Paper) that provides an early-stage analysis of some possible effects of the IASB's Discussion Paper DP/2018/1 *Financial Instruments with Characteristics of Equity* (IASB DP). The EFRAG Secretariat seeks your comments to the following questions:

### Your details

1 Please provide the following details:

- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

Financial Reporting Council

- (b) Are you a:

Preparer  User  Other (please specify)

UK Regulator

### Specific questions

2 Do you find this type of early stage analysis to be useful?

Even at this early stage an effects analysis is useful because it supports evidence based standard setting. To gather feedback from stakeholders on possible implications of new accounting proposals is not new, but a more focused impact assessment can produce more relevant and new insights.

EFRAG acknowledges the limitations of impact assessments. Nevertheless, EFRAG should be encouraged by this early impact assessment analysis that they can provide informative insight.

3 Do you have any comments on the findings included within this Working Paper?

EFRAG has made a significant effort to get European stakeholders involved into this project, through the publication of educational material, questionnaires and conducting joint outreach events. This helped gaining traction with a wider audience on a perceived niche area of accounting.

The findings in the report concur in many areas with what we have heard from UK constituents.

*Financial Instruments with Characteristics of Equity  
Invitation to Comment on Early-Stage Analysis*

The assessment of the interaction between accounting and regulation in this area is helpful.

- 4 Do you have any suggestions to enhance the usefulness for future work on this project on *Financial Instruments with Characteristics of Equity*?

EFRAG deserves credit for its outreach activities during this phase.

- 5 Do you have any suggestions to enhance the usefulness for other standard setting related early-stage exercises?

The target audience for these assessments is not clear, eg is it the IASB or the European Commission or else. Defining the audience and setting clear should be the basis for identifying the relevant assessment criteria.

An assessment should include:

- a problem definition,
- description of the pros and cons of alternatives (including, but not necessarily limited to the IASB proposal and doing nothing). This includes the possible impact of the options; and
- a conclusion which of the considered options in EFRAG's view could address the problem most effectively.

The focus should be on qualitative assessments supported where possible by quantitative analysis.

The costs and benefits of producing an assessment need to be balanced. This may affect the detail and/or accuracy of the information that can be obtained to support the conclusions.