



EFRAG UPDATE

MAY 2019

The EFRAG Update is published on a monthly basis to inform constituents about due process publications, public technical discussions held and decisions taken during that month.

PUBLICATIONS

Draft Comment Letter

On 13 May 2019, EFRAG published its draft comment letter in response to the IASB's Exposure Draft ED/2019/1 *Interest Rate Benchmark Reform* (Proposed amendments to IFRS 9 and IAS 39) and seeks constituents' views on the proposals. Comments on the draft comment letter are requested by 31 May 2019.

For more details, please see the [EFRAG website](#).

Discussion Paper

On 15 May 2019, EFRAG published a discussion paper *Accounting for Pension Plans with an Asset-Return Promise* (the DP). The DP explores alternative accounting treatments for post-retirement employee benefits, promising the higher of the return on an identified item or group of items and a minimum guaranteed return. Comments on the DP are requested by 15 November 2019.

For more details, please see the [EFRAG website](#).

EFRAG Consultation on *Equity Instruments – Research on Measurement*

On 6 May 2019, EFRAG launched a public consultation to gather constituents' views on whether alternative accounting treatments to those in IFRS 9 *Financial Instruments* are needed to portray the performance and risks of equity and equity-type instruments held in long-term investment business models. Comments are requested by 5 July 2019.

For more details, please see the [EFRAG website](#).

Fostering Innovation in Corporate Reporting

Summary report

On 14 May 2019, EFRAG published a summary report of the key points discussed and feedback received during the European Reporting Lab@EFRAG conference on *Fostering Innovation in Corporate Reporting* held on 5 March 2019.

For more details, please see the [EFRAG website](#).



Summary video

On 17 May 2019, EFRAG published a short video presenting abstracts from the high-level discussions that took place at the European Reporting Lab@EFRAG conference on *Fostering Innovation in Corporate Reporting* held on 5 March 2019.

For more details, please see the [EFRAG website](#).

OPEN CONSULTATIONS

Title and description	Closing date
EFRAG draft comment letter on the IASB ED/2019/1 <i>Interest Rate Benchmark Reform</i> (Proposed amendments to IFRS 9 and IAS 39)	31 May 2019
Consultation on EFRAG research project <i>Equity Instruments – Research on Measurement</i>	5 July 2019
EFRAG discussion paper <i>Accounting for Pension Plans with an Asset-Return Promise</i>	15 November 2019

For more information please see [EFRAG's consultations page](#).

EFRAG BOARD

Conference call

The EFRAG Board held a conference call on [13 May 2019](#) and discussed the following topics:

IFRS 17 Insurance Contracts

The EFRAG Board received an update on the project and approved the updated project plan.

IASB Exposure Draft ED/2019/1 Interest Rate Benchmark Reform

The EFRAG Board approved the draft comment letter subject to minor editorial changes.

Next meeting

The EFRAG Board will next meet on 4 June 2019 jointly with EFRAG TEG.

May 2019 written procedures

The EFRAG Board has not approved any documents using written procedures in May.



Expected June 2019 written procedures

The EFRAG Board is expected to approve the following document, using written procedures in June:

- EFRAG draft comment letter on IASB Exposure Draft ED/2019/2 *Annual Improvements to IFRS Standards 2018–2020*;
- EFRAG draft comment letter on IASB Exposure Draft ED/2019/3 *Reference to the Conceptual Framework – Proposed amendments to IFRS 3*; and
- EFRAG final comment letter on IASB Exposure Draft ED/2019/1 *Interest Rate Benchmark Reform (Proposed Amendments to IFRS 9 and IAS 39)*.

EFRAG TECHNICAL EXPERT GROUP (TEG)

Conference call

EFRAG TEG held a conference call on [9 May 2019](#) and discussed the following topic:

IASB Exposure Draft ED/2019/1 *Interest Rate Benchmark Reform (Proposed Amendments to IFRS 9 and IAS 39)*

EFRAG TEG members discussed a draft comment letter on the IASB Exposure Draft ED/2019/1 *Interest Rate Benchmark Reform (Proposed Amendments to IFRS 9 and IAS 39)*. The draft letter agrees with the proposed amendments for the first phase and urges the IASB to start working on the second phase of the project as soon as possible, without delaying the finalisation of the first phase. The draft letter also points out that each IBOR transition is different and hence the accounting effects may differ for each transition.

EFRAG TEG agreed to recommend the draft comment letter to the EFRAG Board.

Meeting

EFRAG TEG met on [22-23 May 2019](#) and discussed the following topics:

IFRS 17 *Insurance Contracts*

In preparing for the draft comment letter on the forthcoming Amendments to IFRS 17, EFRAG TEG members discussed the issues that have been addressed in the letter of EFRAG to the IASB in September 2018:

- (a) Annual cohort (cost-benefit trade-off, including for VFA contracts);
- (b) Transition (extent of relief offered by modified retrospective approach and challenges in applying fair value approach);
- (c) Reinsurance (onerous underlying contracts that are profitable after reinsurance, contract boundary for reinsurance contracts where underlying contracts are not yet issued);
- (d) CSM amortisation (impact on contracts that include investment services);
- (e) Balance sheet presentation (cost-benefit trade-off of separate disclosure of groups in an asset position and groups in a liability position and non-separation of receivables and/or payables); and



(f) Acquisition costs (for costs incurred in expectation of contract renewals).

EFRAG TEG members considered the input provided by the IAWG on each topic and expressed their preliminary views on the basis of the wording currently available (IASB tentative decisions and IASB staff papers). These preliminary views are subject to be updated once the final wording of the standard is released.

The views taken on each issue will be submitted to the EFRAG Board for consideration.

IFRS Foundation Exposure Draft *Proposed Amendments to the IFRS Due Process Handbook*

EFRAG TEG agreed to recommend a draft comment letter for consideration by the EFRAG Board on the IFRS Foundation Exposure Draft *Proposed amendments to the IFRS Foundation Due Process Handbook* subject to editorial amendments.

IASB Project *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)*

EFRAG TEG indicated that the amendment proposed by the IASB would be in line with some of the current accounting practices already applied for finance leases. EFRAG TEG members noted that, depending on the timing of the endorsement, there could be unintended consequences from retrospective application and decided to consider the transition requirements at a future meeting.

No decisions were taken at the meeting.

EFRAG Research Project *Crypto-Assets*

EFRAG TEG gave feedback on the scope of the EFRAG research project on crypto-assets and on the data gathered as well as on the analysis of issues related to ICOs and custodial services. Other aspects within the scope of the project will be discussed at future meetings of EFRAG TEG.

No decisions were taken at the meeting.

EFRAG Research Project *Variable and Contingent Consideration*

EFRAG TEG identified additional situations under which variable and contingent consideration is used in practice and indicated that the project should consider additional guidance.

EFRAG TEG members made some comments relevant for the future steps of the project and the next discussion will cover the definition of the variable and contingent consideration.

No decisions were taken at the meeting.

Next meeting

EFRAG TEG will next meet on 4 June 2019 jointly with the EFRAG Board.

[Conference call](#)

EFRAG TEG held a conference call on [29 May 2019](#) and discussed the following topic:



IASB Exposure Draft ED/2019/2 *Annual Improvements to IFRS Standards 2018-2020 Cycle*

EFRAG TEG members discussed a draft comment letter on the IASB Exposure Draft ED/2019/2 *Annual Improvements to IFRS Standards 2018-2020 Cycle*. EFRAG TEG agreed to recommend the draft comment letter to the EFRAG Board subject to minor editorial amendments.



EUROPEAN REPORTING LAB

Project Task Force on Climate-related Reporting

The Project Task Force on Climate-related Reporting continued its work on the first project of the European Lab, and several calls took place between the members of the subgroups formed to work on different tasks.

Next meetings

The next plenary meeting of the Project Task Force on Climate-related Reporting is scheduled for 21 June 2019.

A meeting of the European Lab Steering Group is scheduled to take place on 18 June 2019, to consider the progress of the first project of the European Lab and to continue the discussion on possible future projects with a view to subsequently launching an agenda consultation.