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Equity Instruments: research on measurement

Cover Note

Objective

- 1 The objective of the session is to:
 - (a) present the responses received from constituents on EFRAG's public consultation 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;
 - (b) seek the views of EFRAG TEG on the Feedback Statement that summarises the comments received during EFRAG public consultation and will be published as a separate document (this feedback statement will be as well attached to EFRAG response to the European Commission as an Appendix); and
 - (c) inform EFRAG TEG on structure and key elements of EFRAG advice to the European Commission request that will be discussed by TEG in the meeting scheduled later in September.

Background

- 2 As part of its Action Plan on Sustainable Finance, the European Commission ("EC") asked EFRAG to explore potential alternative accounting treatments to fair value measurement for long-term investment portfolios of equity and equity-type instruments.
- 3 On 6 May 2019, EFRAG launched its 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.
- 4 EFRAG Secretariat has prepared a feedback statement that summarises the main comments received during the consultation and we are currently planning to publish the feedback statement as a separate document by the end of September 2019.
- 5 In addition, the EFRAG Secretariat is currently working on EFRAG's advice to the European Commission which will include a comparative assessment of alternative accounting treatments to fair value measurement for long-term investment portfolios of equity and equity-type instruments.

Agenda Papers

- 6 In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 10-02 – Summary of the main comments received ;
 - (b) Agenda paper 10-03 – Feedback Statement for publication;
 - (c) Agenda paper 10-04 – Structure and key elements of EFRAG reply to EC; and
 - (d) Agenda paper 10-05 – EC request to EFRAG – for background only.

Questions for EFRAG TEG

- 7 Do EFRAG TEG members have any comments on the feedback statement?
- 8 Do EFRAG TEG members have any comments on the structure and key elements of EFRAG's advice to the European Commission?