

August 2015

## EFRAG Update

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.

### August Publications

#### **Draft Comment Letters**

On 10 August, EFRAG published its draft comment letter in response to the IASB's Exposure Draft ED/2015/4 *Updating References to the Conceptual Framework (Proposed amendments to IFRS 2, IFRS 3, IFRS 4, IFRS 6, IAS 1, IAS 8, IAS 34, SIC-27 and SIC-32)*. Comments on the draft comment letter are requested by 26 October 2015.

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

#### **Feedback Report**

On 4 August, EFRAG published a feedback report on the results of the pre-endorsement questionnaire on IFRS 9 *Financial Instruments*. The input was used by EFRAG in developing its draft endorsement advice for the European Commission.

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

### Meetings and conference calls

This edition of the EFRAG Update contains summaries of meetings and conference calls held by the:

- EFRAG Board
- EFRAG Technical Expert Group (EFRAG TEG)

## Detailed meeting reports

### EFRAG Board – 1 September

---

The EFRAG Board met on 1 September and discussed the following:

- IFRS 9 *Financial Instruments*
- IASB Exposure Draft ED/2015/3 *Conceptual Framework for Financial Reporting*
- EFRAG's proactive work on accounting implications of the current interest rate environment
- IASB Publication *Request for Views: 2015 Agenda Consultation*
- EFRAG Work Plan

#### IFRS 9 *Financial Instruments*

The EFRAG Board reviewed the draft Final Endorsement Advice on IFRS 9 and decided to clarify that, in its view, overall IFRS 9 is conducive to the European public good, except for the impact on the insurance industry. That is, all activities other than insurance activities should be required to use IFRS 9 in 2018. The EFRAG Board noted that the IASB is working on one or more solutions for the insurance industry and EFRAG will provide advice on those solutions as the IASB's work develops.

#### IASB Exposure Draft ED/2015/3 *Conceptual Framework for Financial Reporting*.

The EFRAG Board started its consideration of issues related to the Conceptual Framework Exposure Draft and supported the tentative position, expressed in the consultation document, to retain the existing status of the Conceptual Framework.

#### EFRAG's proactive work on accounting implications of the current interest rate environment

The EFRAG Board approved the development of short papers addressing topical issues and discussing, on the basis of practical illustrations, whether the low interest environment is highlighting the limitations of current requirements relating to discounting in providing reliable and understandable information and, if so, what possible remedies may be considered.

#### IASB Publication *Request for Views: 2015 Agenda Consultation*

The EFRAG Board considered high-level issues related to the Agenda Consultation and decided to seek advice from EFRAG TEG on the technical issues.

#### EFRAG Work Plan

The EFRAG Board approved the work plan as presented, subject to the EFRAG Board considering the likely impact of the forthcoming Materiality Practice Statement Exposure Draft in a public meeting.

The agenda and the agenda papers of the public sessions are available on the [EFRAG website](#).

## EFRAG Board – August written procedures

---

The EFRAG Board approved the following document, using written procedures:

- EFRAG's Draft Comment Letter in response to IASB Exposure Draft ED/2015/4 *Updating References to the Conceptual Framework (Proposed amendments to IFRS 2, IFRS 3, IFRS 4, IFRS 6, IAS 1, IAS 8, IAS 34, SIC-27 and SIC-32)*

## EFRAG Board – Expected September written procedures

---

During September, the EFRAG Board is expected to approve the following documents using written procedures:

- EFRAG's Draft Comment Letter in response to the IASB Exposure Draft ED/2015/7 *Effective Date of Amendments to IFRS 10 and IAS 28*
- EFRAG's Draft Comment Letter in response to the IASB Exposure Draft ED/2015/6 *Clarifications to IFRS 15*

## EFRAG Technical Expert Group (TEG) – Conference call on 27 August

---

At its conference call on 27 August, EFRAG TEG discussed:

- IASB Exposure Draft ED/2015/6 *Clarifications to IFRS 15*
- IASB Exposure Draft ED/2015/7 *Effective Date of Amendments to IFRS 10 and IAS 28*

### IASB Exposure Draft ED/2015/6 *Clarifications to IFRS 15*

EFRAG TEG agreed to recommend a draft comment letter on the Exposure Draft to the EFRAG Board, subject to drafting. The letter supports the IASB's efforts to clarify IFRS 15 *Revenue from Contracts with Customers* to help reduce potential diversity in practice that might arise upon the adoption of the Standard, while encouraging the IASB to continue making its best effort, in collaboration with the FASB, to retain the current level of convergence.

### IASB Exposure Draft ED/2015/7 *Effective Date of Amendments to IFRS 10 and IAS 28*

EFRAG TEG agreed to recommend a draft comment letter on the Exposure Draft to the EFRAG Board, subject to drafting. The letter supports the proposal to postpone indefinitely the application date of the amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, issued in 2014.

## EFRAG Technical Expert Group (TEG) – Conference call on 13 August

---

At its conference call on 27 August, EFRAG TEG discussed:

- IASB Project *Amendments to IFRS 4*

### IASB Project *Amendments to IFRS 4*

EFRAG TEG discussed the tentative decision taken by the IASB to amend IFRS 4 *Insurance Contracts* to address the consequences of different effective dates of IFRS 9 *Financial Instruments* and the future standard on insurance contracts (hereafter ‘the overlay approach’).

EFRAG TEG agreed that more insights were necessary before forming a definitive view and recommended that EFRAG obtains and further discusses:

- the results of the current outreach to users led by the IASB;
- the extent of the potential increase in accounting mismatches in equity; and
- the incremental costs that the approach would trigger in addition to the cost of implementing IFRS 9.

EFRAG TEG recommendations were presented to the EFRAG Board at its meeting on 1 September 2015.