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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 alternative accounting treatments to those in IFRS 9 *Financial Instruments* that would portray the performance and risks of equity and equity-type instruments held in long-term investment business models;
 - (b) seek the views of the EFRAG Board 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 also be attached to EFRAG's response to the European Commission); and
 - (c) consult the EFRAG Board on the proposed structure and key elements of a draft of EFRAG's advice to the European Commission; the structure and key elements have been already shared with EFRAG TEG, while the advice will be discussed by TEG in the meeting scheduled in November.

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 The EFRAG Secretariat has prepared a feedback statement that summarises the main comments received during the consultation and is currently planning to publish the feedback statement by mid October 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; and

- (c) Agenda paper 10-04 – Structure and key elements of EFRAG reply to EC.

Questions for EFRAG Board

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