

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

## **Financial Instruments with Characteristics of Equity Cover Note**

### **Objective**

- 1 The objective of the session is to approve two bulletins on the IASB's Discussion Paper *Financial Instruments with Characteristics of Equity* (FICE):
  - (a) *Demystifying FICE*: A clearer picture on classification
  - (b) *Visualising FICE*: A closer look at presentation and disclosure

### **Background**

- 2 In its July 2018 meeting, the EFRAG Board received an update on the IASB's discussions on FICE. Given the complexity of the IASB's project, the EFRAG Board asked the EFRAG Secretariat develop material that help constituents better understand the IASB's Discussion Paper and reply to EFRAG's Draft Comment Letter.
- 3 Accordingly, the EFRAG Secretariat has prepared two separate bulletins: one on classification (sections 3, 4 and 5 of the IASB's Discussion Paper) and one on presentation and disclosures (Section 6 and 7 of the IASB's Discussion Paper).
- 4 The objective of the two bulletins is to raise awareness about the IASB's discussions on FICE and EFRAG's DCL and help constituents to better understand the IASB's preferred approach and reply to EFRAG's Draft Comment Letter.
- 5 Due to the nature of the bulletin, EFRAG has not included questions to constituents. However, constituents may provide their comments by 3 December 2018.

### **Questions for EFRAG TEG**

- 6 Does EFRAG TEG approve the publication of both bulletins?

### **Agenda Papers**

- 7 In addition to this cover note, agenda papers for this session are:
  - (a) Agenda paper 05-02 – Bulletin on Classification; and
  - (b) Agenda paper 05-03 – Bulletin on Presentation and Disclosure.