

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.

## **Cover Note – Annual Improvements to IFRS Standards 2018 - 2020**

### **Objective**

- 1 The objective of this session is to:
  - (a) seek the views of EFRAG TEG on the analysis and recommendations for changes to the proposed final comment letter with regards to the comment letters received; and
  - (b) agree to recommend the proposed final comment letter to the EFRAG Board for approval by written procedure.
- 2 EFRAG received six comment letters which can be found [here](#) under “Exposure Draft Consultation”. The full list of respondents can be found in Appendix I to this cover note.
- 3 All the respondents agreed with the EFRAG comments with one respondent proposing that for Issue 2 - *IFRS 9 Financial Instruments: Fees included in the ‘10 per cent’ test for derecognition of financial liabilities* – the IASB should further clarify the meaning of “the fees paid or received by either the borrower or the lender on the other’s behalf”.
- 4 To avoid any misinterpretation, EFRAG Secretariat added paragraph 10 to its comment letter where it suggested the IASB to provide a clarification and an example of such fees.
- 5 Another respondent suggested that the IASB should consider a broader review of the guidance in IAS 41 that deals with fair value measurement (e.g. IAS 41, paragraphs 16-25) to ensure its consistency with IFRS 13 *Fair Value Measurement*.
- 6 To reflect this comment, the EFRAG Secretariat adapted the EFRAG response and paragraphs 21-22 of the comment letter.

### **Questions for EFRAG TEG**

- 7 Does EFRAG TEG agree with EFRAG Secretariat analysis and recommendations of the comment letters received?
- 8 Does EFRAG TEG agree to recommend the proposed final comment letter to the EFRAG Board for approval by written procedure?

### **Agenda Papers**

- 9 In addition to this cover note, the Agenda Paper 01-02: *Proposed final comment letter (marked-up version)* have been provided for this session.

## Appendix I – List of respondents

<b>Respondent</b>	<b>Country</b>	<b>Type</b>
CNC - Comissão de Normalização Contabilística	Portugal	National Standard Setter
OIC - Organismo Italiano di Contabilità	Italy	National Standard Setter
ASCG - Accounting Standards Committee of Germany	Germany	National Standard Setter
ESBG - European Savings and Retail Banking Group	International	Business Association
DASB - Dutch Accounting Standards Board	Netherlands	National Standard Setter
ICAC – Instituto de Contabilidad y Auditoria de Cuentas	Spain	National Standard Setter