

## INVITATION TO COMMENT ON FICE EFRAG SECRETARIAT WORKING PAPER: EARLY-STAGE ANALYSIS

Once filled in, this form should be submitted by 1 April 2019 using the 'Comment publication link' available at the bottom of the respective news item. All open consultations can be found on EFRAG's web site: [Open consultations: express your views.](#)

The EFRAG Secretariat is seeking stakeholder comments on this EFRAG Secretariat Working Paper (Working Paper) that provides an early-stage analysis of some possible effects of the IASB's Discussion Paper DP/2018/1 *Financial Instruments with Characteristics of Equity* (IASB DP). The EFRAG Secretariat seeks your comments to the following questions:

### Your details

1 Please provide the following details:

- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

Comissão de Normalização Contabilística

- (b) Are you a:

Preparer  User  Other (please specify)

National Standard Setter

### Specific questions

2 Do you find this type of early stage analysis to be useful?

Yes. We think it is useful, in order to influence IASB in their decisions and to provide them different points of view before the final exposure draft of any new Standard/amendment. It will also be useful, as this early stage analysis might contribute for a faster endorsement process by the EU after the issue of the Standard/Amendment by the IASB.

3 Do you have any comments on the findings included within this Working Paper?

We agree, in general, that IAS 32 shouldn't be rewritten because the situations identified for the FICE are very limited. However, improving the clarifications to distinct financial liabilities from equity is, of course, of extremely importance. This subject of IAS 32 (equity vs liability) is one of the most difficult for interpretation in the IFRS (in general) as it mixes "principles" with "rules" and should be improved to make it clearer. However, as new financial instruments appear in a daily basis, it is extremely difficult to address this matter, but we agree with EFRAG as there is room for improvement in this subject (with no need to start from scratch).

4 Do you have any suggestions to enhance the usefulness for future work on this project on *Financial Instruments with Characteristics of Equity*?

*Financial Instruments with Characteristics of Equity  
Invitation to Comment on Early-Stage Analysis*

This is a very complex theme. We would prefer that the IAS 32 paragraphs would address this matter using a principle-based approach instead of a rule-based approach. To avoid differences of practice, the IAS 32 could, tentatively, include more illustrative examples and guidance (including, but not limited, to the accounting treatment of FICE).

- 5 Do you have any suggestions to enhance the usefulness for other standard setting related early-stage exercises?

The IASB research project “Business combinations under common control” and the IASB standard setting project “Rate-regulated activities” should be object of an early-stage analysis by EFRAG. These subjects are a (recognised) gap in IFRS (with diversity in practice) and are under analysis by IASB for so long.