

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.

EFRAG's Research project Equity instruments – Impairment and Recycling: Tentative outline of a future EFRAG publication Issues Paper

Objective

- 1 The objective of this paper is to consider a first draft of the outline of a future EFRAG publication on the project.

Tentative outline of a future EFRAG publication

Chapter 1: Background

- What is the issue (summary of EFRAG's concerns in relation IFRS 9 and long-term investing)
- Objective of this paper
- Current and future requirements

Chapter 2: Evidence collected

- The size of the issue
- How investors expect to behave
- Implications from the evidence (if any)

Chapter 3: Notion of impairment under accounting standards

- What is 'impairment'?
- Interrelation between recycling and impairment

Chapter 4: Alternative impairment models

- A more rigorous AFS impairment model
- Lower of cost and fair value
- US GAAP 'other than temporary' impairment approach
- Other (e.g. other national GAAPs)

Chapter 5: Cross-cutting questions

- A single approach or different sub-sets
- Unit of account
- Reversal of impairment losses
- Recycling restrictions

Chapter 6: Presentation and disclosures

Chapter 7: EFRAG conclusions and recommendations

Question for EFRAG TEG

- 2 Does EFRAG TEG have any comments on the proposed table of contents of a future EFRAG publication on the project? Do you think there are other aspects that should be addressed?