



European Financial Reporting Advisory Group

## IFRS 4 Amendments

Joint Investor Outreach – Milan – 29 November 2016

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## What caused the problem?

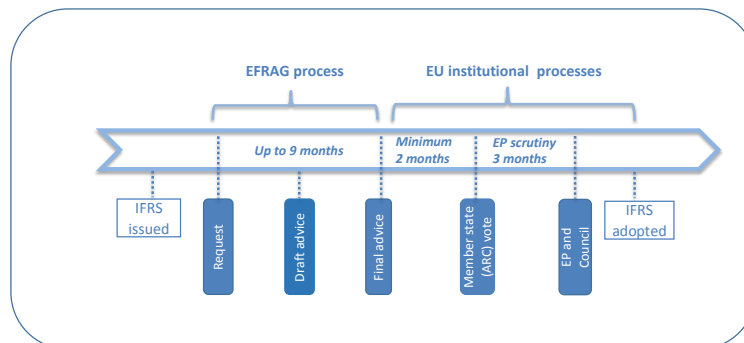
- Misalignment of the effective dates of IFRS 17 and IFRS 9
- In its comment letter on the ED, EFRAG supported a solution to the problem
- The IASB issued a standard that addressed some (but not all) of EFRAG's comments



## In the consultation process....

- EFRAG tends to
  - Comment on all proposals
  - Formulate its preferred view
  - Focus on issues that need to be addressed
  - Provide recommendations where its proposals might be rejected
- EFRAG is seeking:
  - As extensive a debate as possible
  - Final standards which are going to be acceptable to European constituents (in technical terms)

## Endorsement timeline



## In the endorsement process ....

- EFRAG assesses an IFRS against the criteria in the IAS Regulation
  - Meets the true and fair view principle
  - Is conducive to the European public good
- EFRAG will be delivering enhanced impact assessments for major standards (IFRS 16 pilot)

## Amendments to IFRS 4

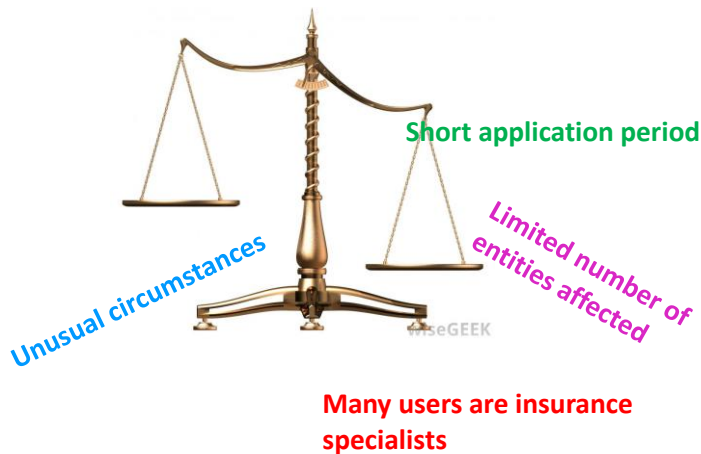
- 12 September 2016 - Standard issued
- 13 October 2016 – request for advice received from EC
- 16 November 2016 – draft endorsement advice issued for comment
- 13 December 2016 – draft endorsement advice comment period closes
- 21 December 2016 – preliminary review of comments received
- Mid-January 2017 – final endorsement advice issued

## Request from the European Commission

### EFRAG's views on whether the Amendments:

- Are not contrary to the true and fair view principle
- Are conducive to the European public good
- Meet the criteria of understandability, relevance, reliability and comparability
- Could give rise to any competition issues within the EU for financial services companies reporting under IFRS

## Considerations



## EFRAG's preliminary position

In the specific circumstances arising from the misalignment of the effective dates of IFRS 9 and IFRS 17, the Amendments:

- ✓ Are not contrary to the true and fair view principle
- ✓ Are conducive to the European public good for the period for which they are needed
- ✓ Meet the criteria of understandability, relevance, reliability and comparability
- Address many of the concerns raised in the EFRAG endorsement advice on IFRS 9 but do not address the cost concerns of entities that undertake insurance activities and are not predominant insurers

## EFRAG seeking comments on ...

- Do you agree that the Amendments meet the Technical criteria for endorsement?
- Do you agree, that during the period when the effective dates of IFRS 9 and forthcoming IFRS 17 are not aligned that the Amendments improve the quality of financial reporting
- Do you think that an insurer will only adopt one of the options if the perceived benefits outweigh the costs?
- Do you agree that it is not possible to conclude whether the Amendments create a material competition issue? If there is a material competition issue, does it affect banks? insurance companies? other companies?



**Thank you for your  
attention!  
We are waiting for  
your views**

<http://www.efrag.org/>



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