

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.

Alternative measurement for equity and equity-type investments

Cover Note

Objective

- 1 The objective of the session is to receive comments from EFRAG TEG on chapters 4 and 5 of Appendix 1 of the proposed advice to the European Commission.

Background

- 2 As part of its Action Plan on Sustainable Finance, the European Commission ("EC") asked EFRAG to explore potential alternative accounting treatments to fair value measurement for long-term investment portfolios of equity and equity-type instruments. These models should portray the performance and risks of equity and equity-type instruments held in long-term investment business models.
- 3 At its last meeting, EFRAG TEG considered the feedback statement on the comments received in response to the public consultation.
- 4 For this meeting, EFRAG TEG is asked to consider a first draft of EFRAG's advice to the European Commission. EFRAG TEG is asked to focus on chapters 4 and 5 which include a comparative assessment of alternative accounting treatments to fair value measurement for long-term investment portfolios of equity and equity-type instruments. Comments from EFRAG TEG members on other parts of the paper are, of course, welcome.
- 5 Subject to the comments received at this meeting, the EFRAG Secretariat plans to present a full draft of the advice to the European Commission at the next meeting of EFRAG TEG.

Questions for EFRAG TEG

- 6 Does EFRAG TEG have comments on chapters 4 and 5 of Appendix 1 to the draft technical advice?

Agenda Papers

- 7 In addition to this cover note, agenda paper 04-02 – *Request for Technical Advice: Alternative accounting treatments for long-term equity investments* – has been provided for the session.