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IFRS 9 *Post-implementation Review – Classification and Measurement* – Equity instruments and other comprehensive income

Cover Note

Objective

- 1 In June 2022, the IASB had a first discussion on feedback to *Request for Information Post-implementation Review IFRS 9 – Classification and Measurement* on equity instruments and other comprehensive income (OCI).
- 2 The objective of this meeting is to:
 - (a) Update the EFRAG FR TEG-CFSS on the latest IASB and EFRAG discussions on equity instruments and other comprehensive income (OCI) in the context of the *Post-implementation Review* of IFRS 9 (PIR) (Agenda paper 11-02).
 - (b) Summarise the outreach conducted by EFRAG from the *Endorsement Advice on IFRS 9 Financial Instruments* to date on the topic, with a focus on the proposed solutions for an alternative impairment model and obtain EFRAG FR TEG-CFSS members' preliminary views on the possible way forward (Agenda paper 11-03).
- 3 The previous update was provided to EFRAG FR TEG-CFSS on 28 June 2022 (Agenda paper 09-01).

Background

- 4 In October 2020, the IASB decided to begin the PIR of the IFRS 9 *Classification and Measurement* requirements. The [Request for Information](#) (RFI) was published on 30 September 2021 with comments to be provided by 28 January 2022.
- 5 EFRAG submitted its [response to the RFI](#) in January 2022.
- 6 In its March 2022 meeting, the IASB initiated discussions on the feedback received on its consultation and on a plan to deliberate the feedback. The IASB members welcomed the feedback that in general the classification and measurement principles of IFRS 9 worked well in practice and resulted in measurement of financial instruments that provides useful information to users of financial statements about amount, timing, and uncertainty of an entity's future cash flows. The relevant IASB Staff paper is available at this [link](#).
- 7 In its June 2022 meeting, the IASB had an initial discussion on the feedback received on the treatment of equity instruments and OCI presentation election and received the IASB Staff preliminary views ([Agenda Paper 3A](#)). The IASB was not asked for any decisions, but IASB members were overall supportive to the IASB Staff preliminary views and welcomed the feedback that in general the option to

present FV changes on investments in equity instruments in OCI works as the IASB intended.

- 8 EFRAG FR TEG and FRB discussed the topic at their meetings on 29 June and 14 July 2022 respectively. In these meetings, EFRAG FRB asked the EFRAG Secretariat to proactively work on the development of a possible impairment model, as this could help to address a potential obstacle to the reintroduction of recycling.
- 9 In the Agenda Paper 11-02 the EFRAG FR TEG-CFSS will be asked the following question:

Question for EFRAG FR TEG-CFSS

- 10 Does EFRAG FR TEG-CFSS have any comments on the IASB and EFRAG discussions on equity instruments and OCI presentation election?

- 11 In the Agenda Paper 11-03 the EFRAG FR TEG-CFSS will be asked the following questions:

Questions for EFRAG FR TEG-CFSS

- 12 Does EFRAG FR TEG-CFSS have any comments on EFRAG's past outreach on proposed solutions for an alternative impairment model for equity instruments measured at FVOCI?
- 13 Does EFRAG FR TEG-CFSS have any suggestion on how an alternative impairment model for equity instruments measured at FVOCI could be developed? Please explain.
- 14 Does EFRAG FR TEG-CFSS have any preliminary views on the possible ways forward? Please explain.

Next steps

- 15 The EFRAG Secretariat will continue to monitor the IASB discussions and provide updates to EFRAG FR TEG-CFSS on this topic.

Agenda Papers

- 16 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 11-02 – *IFRS 9 PIR CM – Equity OCI Election – PIR discussions – Issues Paper*, and
 - (b) Agenda paper 11-03 – *IFRS 9 PIR CM – Equity OCI Election – EFRAG outreach – Issues Paper*.