



EFRAG UPDATE

JANUARY 2020

The EFRAG Update is published on a monthly basis to inform constituents about due process publications, public technical discussions held, and decisions taken during that month.

PUBLICATIONS

Final Comment Letter and Feedback Statement

On 22 January 2020, EFRAG published its feedback statement on the IASB Exposure Draft *ED/2019/6 Disclosure of Accounting Policies*.

For more details, please see the [EFRAG website](#).

EFRAG's advice to the European Commission on the measurement of long-term investments in equity instruments

On 30 January 2020, EFRAG published its advice to the European Commission on alternative accounting treatments to measurement at fair value through profit or loss for equity and equity-type instruments held in long-term investment business models.

For more details, please see the [EFRAG website](#).

Limited Update of the Case Studies for IFRS 17

On 28 January 2020, EFRAG published a call for expressions of interest from European insurance companies in participating in its limited update of the case studies relating to IFRS 17 *Insurance Contracts*. Expressions of interest should be submitted by close of business on Friday 28 February 2020.

For more details, please see the [EFRAG website](#).

EFRAG Advisory Panel on Intangibles: Call for candidates

On 21 January 2020, EFRAG published a call for experts for its Advisory Panel on Intangibles. Applications are welcome by 21 February 2020.

For more details, please see the [EFRAG website](#).

Invitation for launching event - Report of European Lab Project Task Force on Climate-related Reporting

On 17 January 2020, EFRAG published an invitation for launching event of a report on Climate-related Reporting, which will take place on 6 February. Pascal Canfin, Chair EP Committee on the Environment, Public Health and Food Safety, will be the guest speaker. The event will start at 16:00 and take place at the EFRAG offices.

For more details, please see the [EFRAG website](#).



OPEN CONSULTATIONS

There are no open consultations in January 2020.

EFRAG BOARD

Meeting

The EFRAG Board met on [14 January 2020](#) and discussed the following topics:

IFRS 17 *Insurance Contracts*

As part of the preparatory work of the endorsement of IFRS 17, the EFRAG Board validated the conclusions of the analysis of the interactions between IFRS 17 and Solvency II and between IFRS 17 and IFRS 15 *Revenue from Contracts with Customers*. The EFRAG Board provided drafting suggestions to be included in the forthcoming appendices of the draft endorsement advice.

IASB Research Project *Dynamic Risk Management*

The EFRAG Board received an update on the project.

EFRAG Research Project *Equity Instruments – Research on Measurement*

The EFRAG Board reviewed and approved the advice letter to the European Commission subject to drafting suggestions.

Update of workplan and any other matters

The EFRAG Board reviewed the workplan and considered that more time could be allocated to the EFRAG Board Agenda on the IASB Research Project *Goodwill and Impairment*.

Next meeting

The EFRAG Board will next meet on [18 February 2020](#).

January 2020 written procedures

The EFRAG Board has not approved any documents using written procedures in January.

Expected February 2020 written procedures

The EFRAG Board is not expected to approve any documents using written procedures in February.



EFRAG TECHNICAL EXPERT GROUP (TEG)

Meeting

EFRAG TEG met on [29-30 January 2020](#) and discussed the following topics:

IFRS 17 *Insurance Contracts*

EFRAG TEG discussed the preparatory draft of the relevance and reliability sections of Appendix II as well as several topics of Appendix III for the forthcoming draft endorsement advice. EFRAG TEG members provided drafting suggestions to the EFRAG Secretariat. Members also agreed on the content of the paper describing the interactions between IFRS 17 and Solvency II and which will be incorporated in the EFRAG draft endorsement advice. EFRAG TEG was also provided with an update of the January IASB Staff papers.

No decisions were taken at the meeting.

IASB Project *Primary Financial Statements*

EFRAG TEG extensively discussed the EFRAG's draft comment letter on the IASB's Exposure Draft *ED/2019/7 General Presentation and Disclosures* (DCL) and agreed to recommend it to the EFRAG Board subject to drafting suggestions.

As EFRAG TEG members had split views on some issues, they agreed that for these issues the DCL should present the different arguments and seek further input from constituents.

IASB Project *IBOR Reform and its Effects on Financial Reporting – Phase 2*

EFRAG TEG discussed the IASB tentative decisions in respect of hedge accounting and modifications. EFRAG TEG members reiterated their concerns about the possible unintended consequences of the IASB's proposed definition of a "modification" shifting the emphasis from the contractual to the methodology changes. Members also stressed the need of ringfencing the scope of the Phase 2 amendments to the issues related to the IBOR reform only to avoid any risk of delay of the issuance of the amendments and their endorsement in Europe for 2020 year-end.

No decisions were taken at the meeting.

IASB Research Project *Goodwill and Impairment*

EFRAG TEG considered the IASB's tentative decisions related to presentation and disclosures on goodwill and discussed the key messages to be included in the EFRAG draft comment letter on the IASB forthcoming discussion paper. EFRAG TEG did not support the IASB's proposal to present a subtotal for equity before goodwill. EFRAG TEG members generally supported the objectives of proposed disclosure focusing on holding the management accountable for the price paid for an acquired business. However, members expressed reservations about practical aspects of providing the disclosures proposed by the IASB.

Finally, many EFRAG TEG members were sympathetic to the amortisation of goodwill, should a change be considered appropriate.

No decisions were taken at the meeting.



IASB Research Project *Post-Implementation Review of IFRS 10, IFRS 11 and IFRS 12*

EFRAG TEG members discussed the issues to be considered by the IASB in its Post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. The EFRAG TEG members also provided their comments on the future outreach activities to be conducted by the EFRAG Secretariat.

No decisions were taken at the meeting.

IASB Research Project *Financial Instruments with Characteristics of Equity*

EFRAG TEG members discussed the direction of the IASB's project *Financial Instruments with Characteristics of Equity* (FICE). EFRAG TEG members welcomed the IASB's tentative decision to address issues that arise in practice by clarifying some underlying principles in IAS 32 *Financial Instruments: Presentation* and adding application guidance to facilitate consistent application of the principles. EFRAG TEG members also welcomed the list of issues the IASB would consider in this project and the project timeline.

In regard to the fixed-for-fixed condition for financial instruments settled in own equity instruments, EFRAG TEG members considered that further research would be needed for preservation and passage of time adjustments. EFRAG TEG members also questioned whether the IASB was going to retain the 'foreign currency rights issue' exception as it was considered useful. Finally, EFRAG TEG members highlighted the importance of having enhanced disclosures on financial instruments with characteristics of equity.

No decisions were taken at the meeting.

EFRAG Research Project *Crypto Assets*

EFRAG TEG members discussed the findings of the EFRAG research and the structure of the discussion paper, including areas for accounting clarification in a preliminary draft EFRAG discussion paper. In preparation of the public consultation, EFRAG TEG members discussed possible alternative approaches to solve the accounting issues, including application of existing IFRS Standards (amended as needed), an IFRS Interpretation and a new IFRS Standard to address these assets.

No decisions were taken at the meeting.

Conference call

EFRAG held a conference call on [8 January 2020](#) and discussed the following topics:

IFRS 17 *Insurance Contracts*

EFRAG TEG members discussed the interactions between IFRS 17 and Solvency II and between IFRS 17 and IFRS 15 in preparation for the draft endorsement advice of IFRS 17.

No decisions were taken at the meeting.

Next meeting

EFRAG TEG will next meet [4-5 March 2020](#).



EUROPEAN REPORTING LAB

Project Task Force on Climate-Related Reporting (PTF-CRR)

The PTF-CRR met on 8 January December 2019. The session was primarily devoted to reviewing and finalising the drafting of the PTF-CRR's Report to be issued early February 2020. Members also discussed the launching event for the Report and possible further activities that could be conducted after the report would be launched.

Next Steps

The next meeting of the European Lab's Steering Group will be held on 6 February 2020; immediately followed by the launching event of the PTF-CRR's report *How to Improve Climate-related Reporting – A Summary of Good Practices of Europe and Beyond* with Pascal Canfin, Chair of the EP Committee on the Environment, Public Health and Food Safety, as guest speaker.

The next PTF-CRR plenary meeting will be held on 7 February 2020.