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Financial Instruments with Characteristics of Equity Cover Note

Objective

- 1 The objective of the session is to provide EFRAG Board and EFRAG TEG with a summary of:
 - (a) the feedback received from EFRAG's outreach activities on FICE;
 - (b) the comments letters received on EFRAG's draft comment letter; and
 - (c) main findings from EFRAG's early stage impact analysis.

Background

- 2 In June 2018, the IASB published the Discussion Paper Financial Instruments with Characteristics of Equity ('DP') with a comment period ending on 7 January 2018.
- 3 Although the approach in the IASB's DP would not result in wholesale changes to the classification of financial instruments compared to IAS 32 *Financial Instruments: Presentation*, the presentation of some instruments would change and various new disclosures would be required.
- 4 In August 2018 EFRAG issued its draft comment letter that provides an overview of the IASB DP's proposals and explains EFRAG's initial views. EFRAG's draft comment letter considers that the challenges arising from IAS 32 are sufficient to require some form of standard-setting and supported the IASB's efforts to address these challenges without fundamentally changing IAS 32's classification outcomes.

Summary of the comments and feedback received

- 5 The summary of the feedback received from outreach activities provides an overview of the main comments received in those events. EFRAG is in the process of finalising the feedback statements of each meeting which will provide more detail.
- 6 The summary of the comment letters received reflects all the comment letters received by the time of writing agenda paper 04-02. EFRAG is continuing to receive comment letters. EFRAG Secretariat will provide a more comprehensive review of all the feedback received at the January 2019 meeting of EFRAG TEG.

Agenda Papers

- 7 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 04-02 – Summary of the comments and feedback received; and
 - (b) Agenda paper 04-03 – Early stage impact analysis – draft report.