

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.

IFRS 4 amendments – Draft endorsement advice Cover Note

Objective and introduction

- 1 The objective of this session is for EFRAG TEG to recommend the draft endorsement advice on the IFRS 4 amendments ('IFRS 4 amendments DEA') to the EFRAG Board.
- 2 The EFRAG Secretariat does not anticipate substantial changes to the draft endorsement advice from the amendments to be issued as these amendments relate only to the deferral of the effective date of IFRS 9 to 2023.
- 3 EFRAG TEG last discussed the IFRS 4 amendments DEA in its meeting of 16 April. A summary of the discussions is as follows:
 - (a) Two members were in favour to link the effective date of IFRS 9 with IFRS 17 effective date without specifying an expiry date for the deferral of IFRS 9, while five members were not in favour of this (for the following reasons: may give an incentive to further defer IFRS 9, may give multiple signals, this linkage was not included in the EFRAG's comment letter on the IFRS 17 Amendments).
 - (b) One member stated that if IFRS 17 would not be endorsed, companies should start to apply IFRS 9.
 - (c) On the 'top-up', one member stated that the endorsement advice should focus on what has been published by the IASB (which does not include the 'top-up'). Another member questioned what the EFRAG mandate was and considered that the 'top-up' was going beyond the scope of EFRAG's advice.
- 4 Subsequently, the EFRAG Board also discussed the IFRS 4 amendments DEA in its meeting of 21 April. The EFRAG Board agreed on the following:
 - (a) The topic of the top-up will not be considered in the drafting;
 - (b) Eliminate the proposal to link the two effective dates of IFRS 9 and IFRS 17 in a dynamic way and expose for comments, a positive advice for the postponement of IFRS 17 to 2023; and
 - (c) Adopt a written procedure for the EFRAG Board approval.
- 5 Since the EFRAG TEG April meeting, the IFRS 4 amendments DEA has been updated for comments made by the EFRAG Board in its April meeting. The changes reflect the EFRAG Board agreement above.

Timeline

- 6 It has been requested to issue the final endorsement advice by 7 July 2020. Therefore, in order to have a fast-track endorsement procedure to adhere to this deadline, below is the proposed timeline.

IFRS 4 amendments issued by IASB and EC request	25 June (assumption)
EFRAG TEG recommendation to the EFRAG Board of DEA	3 – 4 June 2020 webcast meeting
EFRAG Board approval of DEA	16 June 2020 webcast meeting
Consultation of DEA	25 June – 3 July
EFRAG TEG recommendation to the EFRAG Board of FEA ¹	6 July EFRAG TEG webcast meeting
EFRAG Board approval of FEA	6 July EFRAG Board webcast meeting

Questions for EFRAG TEG

- 7 Do you have any comments on the updated version of the IFRS 4 amendments DEA? Please explain.
- 8 Does EFRAG TEG agree to recommend the IFRS 4 amendments DEA to the EFRAG Board? Please explain.

Agenda Papers

- 9 In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 10-02B – IFRS 4 amendments DEA - clean;
 - (b) Agenda paper 10-02C – IFRS 4 amendments DEA – marked-up compared to 16 April EFRAG TEG meeting; and
 - (c) Agenda paper 10-02D – Invitation to comment.

¹ Final endorsement advice