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## **EFRAG Equity Instruments - Impairment and Recycling**

### **Cover Note**

#### **Objective of the session**

- 1 The objective of this session is to finalise the draft technical advice to the European Commission on the accounting treatment for equity instruments carried at fair value through OCI under IFRS 9.
- 2 At the previous meeting, EFRAG TEG approved a draft technical advice that recommends that no changes are made to the requirements at this stage. Considering that mixed views were expressed both by EFRAG TEG members and respondents to the EFRAG Discussion Paper, it was agreed that the technical advice would:
  - (a) reflect the arguments of those recommending changes to the requirements; and
  - (b) address the questions asked in the EC request concerning the relevance of an impairment solution for the reintroduction of recycling and what characteristics an acceptable impairment solution would have.
- 3 The technical advice has been revised to reflect the decisions taken at the previous meeting. EFRAG Secretariat notes that the background of the advice (paragraphs 2 to 6 of paper 06-02) and the replies to the questions in the EC request (paragraphs 34 to 54) are substantially taken from the EFRAG DP and the reply to Phase 1, which were approved for publication both by EFRAG TEG and the EFRAG Board.
- 4 The arguments for the EFRAG advice (paragraphs 15 to 31) are largely based on the draft technical advice that was presented at the previous meeting of July 5.

#### **Agenda papers**

- 5 In addition to this cover note, the following papers has been provided for the session:
  - (a) **Paper 06-02** – Revised technical advice.