

Post-Implementation Review IFRS 9 *Financial Instruments* Update and planned activities

Objective

- 1 The objective of this session is to provide EFRAG TEG members with an update on the IASB work with regard to the Post-Implementation Review (PIR) of IFRS 9 *Financial Instruments*.

Introduction and overview

- 2 The effective date of IFRS 9 was set as annual reporting periods beginning on or after 1 January 2018. Insurers and EU financial conglomerates have the possibility to defer the application date of IFRS 9 till 1 January 2023 (subject to fulfilling particular conditions).
- 3 In October 2020 the IASB Board decided to begin the PIR of the IFRS 9 classification and measurement requirements, but not to begin the PIR of the Standard's impairment and hedge accounting requirements.
- 4 The objective of the PIR of IFRS 9—Classification and Measurement is to:
 - (a) assess whether the requirements introduced by IFRS 9 have improved financial reporting (without disproportionate cost); and
 - (b) identify lessons learned that will help the IASB in its efforts to continuously improve its standard-setting.
- 5 In assessing whether the requirements have improved financial reporting, the IASB will consider the following questions:
 - (a) are the requirements working as intended?
 - (b) are the requirements capable of being applied consistently? and
 - (c) are there any significant unexpected effects, either positive or negative.
- 6 In the first phase of the PIR, IASB Board members and staff will perform outreach with preparers, auditors, investors, regulators and standard setters. This will be done by consulting the IASB consultative bodies (such as ASAF) at their public meetings, as well as gathering detailed input through one-on-one meetings with small groups or individual stakeholders that have a particular interest in IFRS 9.
- 7 Also the IASB staff will search for and review academic research and other materials (for example, news articles and reports) that are available and that are relevant to the PIR.
- 8 Finally, in addition to the reactive part of the PIR – comments to be provided by constituents - the IASB would also investigate proactively whether:
 - (a) the requirements of IFRS 9 work as intended (eg does a reclassification as a result of the change in business model only happen infrequently); or
 - (b) whether other lessons can be learnt from the experience with IFRS 9 (eg. transition on an instrument-by-instrument basis – are there alternatives that would arrive at the same result).

Timeline

- 9 The outreach in the first phase of the PIR will be performed in the first half of 2021 this with the aim to identify matters on which it will consult publicly in a Request for Information. The IASB Board expects to publish the Request for Information in the third quarter of 2021.

Planned activities

- 10 The IASB Staff aims to present the issue at the March ASAF meeting. The EFRAG TEG-CFSS meeting preceding that is scheduled for 3 March 2021.
- 11 The EFRAG Secretariat proposes to consult the following working groups in order to collect information on issues that are to be considered by the IASB during the post-implementation review of IFRS 9. In order to provide the information timely enough for the EFRAG TEG-CFSS meeting of 3 March 2021, meetings and written consultations will be held during February 2021.

EFRAG FIWG	24 February 2021
EFRAG IAWG	2 March 2021
EFRAG User Panel	Written consultation or webcast call during February 2021
EFRAG Academic Panel	Webcast planned during first half of February 2021

Questions for EFRAG TEG

- 12 Do EFRAG TEG members agree that EFRAG FIWG, EFRAG IAWG, EFRAG User Panel and EFRAG Academic Panel should be consulted to provide input on the issues to be considered and research that can be shared with the IASB?
- 13 Do EFRAG TEG members have any other comments on this update?