

STAFF PAPER

July 2019

IASB® meeting

Project	Financial Instruments with Characteristics of Equity (FICE)		
Paper topic	Cover Paper—Summary of feedback received on the Discussion Paper		
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Background

1. The International Accounting Standard Board (Board) published the Discussion Paper *Financial Instruments with Characteristics of Equity* (DP) in June 2018 with a 180-day comment period.

Purpose of the July 2019 meeting

2. At the June 2019 meeting, the staff provided the Board with a detailed summary of the feedback received on the following sections of the DP:
 - (a) Section 2—The Board's preferred approach
 - (b) Section 3—Classification of non-derivative financial instruments
 - (c) Section 4—Classification of derivative financial instruments
 - (d) Section 5—Compound instruments and redemption obligation arrangements

3. At this meeting, the staff will provide the Board with a detailed summary of the feedback received on the following sections of the DP:
 - (a) Section 6—Presentation
 - (b) Section 7—Disclosures
 - (c) Section 8—Contractual terms
 - (d) Section 1—Objective, scope and challenges.

4. The staff are not asking the Board to make any decisions at this meeting. However, the staff have included a question to the Board in Agenda Paper 5E with regards to whether the Board specifically wants the staff to analyse further any of the proposals in the DP or the feedback received before considering the project direction. Although the staff do not have specific questions for the Board in each paper, the staff welcome any questions or comments Board members may have on agenda papers.

Agenda papers for this meeting

5. The following agenda papers contain our summary of detailed comment letter feedback as well as feedback gathered through outreach:
 - (a) Agenda Paper 5A—*Presentation of financial liabilities*
 - (b) Agenda Paper 5B—*Presentation of equity instruments and disclosures*
 - (c) Agenda Paper 5C—*Contractual terms*
 - (d) Agenda Paper 5D— *Feedback from users of financial statements*
 - (e) Agenda Paper 5E— *Overall objective scope and challenges*

6. Agenda papers 5A to 5E use the following terms to describe the extent to which particular feedback was shared by respondents:

<i>Term</i>	<i>Extent of response among respondents</i>
Almost all	all except a very small minority
Most	a large majority, with more than a few exceptions

Many	a small majority or large minority
Some	a small minority, but more than a few
A few	a very small minority

7. In determining which term to use in a particular case, the staff considered not just the number of responses in question, but also more subjective factors, such as whether a response reports the views of a single individual or the views of a broader group. When preparing the summaries, the staff also considered the nature of the comments and whether they are qualitatively significant to mention despite the number of respondents that may share that view.

8. Respondents did not always comment on every area of the Discussion Paper. The Staff have indicated in the papers if only a small number of respondents commented on a particular topic.

Next steps

9. This meeting completes the staff’s summary of feedback received on the DP.

10. At a future Board meeting, the staff will present to the Board the project proposals and ask the Board to make a decision on the direction of the FICE project.