

Background

1. At the 17 December 2010 Board meeting, the Board granted the staff permission to begin drafting a supplemental document for exposure on the impairment of financial assets. Staff are targeting publishing the document in late January 2011. The scope of the document is limited to financial assets in open portfolios, but asks a question on whether the proposal will be operationally feasible for other instruments (including single instruments and closed portfolios). The purpose of this paper is to discuss the comment period for the supplemental document.

Analysis

2. Improving impairment accounting is an important matter our constituents have stressed as being particularly urgent as a result of the recent financial crisis. We have consistently stated that our target completion date for this project is 30 June 2011. A short comment period will be necessary in order to complete re-deliberations on the topic and have time to draft and ballot a final standard by the end of June. Several other major projects will be re-deliberating and balloting at the same time, so the Board will need extra time to prepare the final standard.
3. The scope of the supplemental document is limited and builds on the concepts in the original exposure draft (original ED) published by the Board in November 2009.

This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in *IASB Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

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4. The original ED proposed substantial changes to the concept of impairment and had far reaching operational considerations our constituents had not previously considered, so the comment period was extended to 8 months for respondents to have adequate time to understand the proposal and provide feedback. Since the model in the supplemental document builds on the ideas presented in the original ED, staff believe that there is a relatively high level of familiarity with the contents of the upcoming document and we know that at least some of our constituents have already been able to consider operational issues and begin modelling the impact of the proposals. The experience constituents already have with the model should assist them to prepare responses to the supplemental document.

Staff recommendation

5. Staff recommend a comment period of 60 days to accommodate the urgent timeline necessary for publication of a finalised standard and to reflect the limited scope of the document. During the comment period, staff will engage in extensive outreach activities to assist constituents in preparing comment letters and receive feedback on the proposal.

Question 1 – Comment period

Does the Board agree with the staff recommendation in paragraph 5 that the Board adopt a comment period of 60 days?

If not, why and what would the Board like to do and why?