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Project	<b>Offsetting Financial Assets and Liabilities</b>
Topic	<b>User Feedback- Addendum to Overall Feedback Summary</b>

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## Introduction/Purpose of the paper

1. The following tables provide a high level summary of views held by investors and analysts on the proposals in the Exposure Draft (the ED), '*Offsetting Financial Assets and Financial Liabilities*'. The staff met with investors and analysts as part of the outreach on the offsetting project. These investors and analysts provided a variety of perspectives. Their views are best read in conjunction with the Feedback Summary (IASB Agenda Paper 5 and FASB Memo 13A) to understand the specific rationale behind the views described in the tables below.

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**Analysis of User Feedback- Addendum to Overall Feedback Summary**

**US Constituents**

As part of the outreach on the Balance Sheet: Offsetting project with U. S. constituents, the staff met with 61 investors and analysts representing 24 organizations.

<b>Type of Investor</b>	<b>Outreach Participants</b>	<b>Overall View</b>
Buyside investors who specialize in analyzing financial institutions	30	<ul style="list-style-type: none"> <li>• Roughly one-third were indifferent as long as both gross and net information is provided</li> <li>• Roughly one-quarter preferred gross presentation, or net as presented under the proposal</li> <li>• Roughly two-fifths preferred net presentation with varying views of the basis of netting (credit, credit and collateral, etc.)</li> </ul>
Sellside analysts who specialize in analyzing financial institutions	6	<ul style="list-style-type: none"> <li>• All preferred a net presentation, consistent with current US GAAP</li> </ul>
Sellside analysts who specialize in analyzing accounting issues	5	<ul style="list-style-type: none"> <li>• Almost all preferred gross presentation, or net as presented under the proposal</li> <li>• Two respondents (who preferred gross presentation or net under the proposal) suggested that we consider linked presentation</li> </ul>
Industry representatives of investors and analysts	2	<ul style="list-style-type: none"> <li>• All preferred gross presentation, or net as presented in the proposals</li> </ul>
Credit ratings agency analysts who specialize in analyzing financial institutions	18 analysts representing three credit rating agencies	<ul style="list-style-type: none"> <li>• One firm was indifferent as long as both gross and net information is provided</li> <li>• One firm preferred net presentation but said that comparability was a primary objective that would trump their specific preference</li> <li>• One firm preferred net presentation</li> </ul>

**Non-US constituents**

As part of the outreach outside of the US, the staff met with approximately 130 users representing over 50 organisations. The staff also conducted an online survey to request user feedback on the proposals.

**Meetings**

Type of User	Outreach Participants	Overall View
Asset managers	2	<ul style="list-style-type: none"> <li>• One meeting-primarily net credit</li> </ul>
Prudential regulator	25	Mixed responses. <ul style="list-style-type: none"> <li>• Three meetings (approx. 18 participants) prefer gross</li> <li>• One (five participants) was mixed</li> <li>• One (two participants) had no preference</li> </ul>
Securities regulator	13	<ul style="list-style-type: none"> <li>• One meeting of five participants preferred gross</li> <li>• One meeting of eight did not indicate a preference</li> </ul>
Analysts -European investment banks	7	<ul style="list-style-type: none"> <li>• One meeting of five participants preferred net credit</li> <li>• One with two participants preferred gross</li> </ul>
Other users	54	Mixed responses. <ul style="list-style-type: none"> <li>• One meeting preferred gross (1 organisation)</li> <li>• One mixed (44 participants)</li> <li>• One meeting net (10 participants)</li> <li>• One no preference</li> </ul>
User groups	30	<ul style="list-style-type: none"> <li>• The majority (almost all 30 participants) preferred gross presentation</li> </ul>
<b>Total</b>	<b>131</b>	

**Survey**

We had 36 responses to the user website survey.

Approximately 22 out of 36 respondents use both gross and net information, six only look at gross and eight only look at net. For those who use both, four clarified that they would like the net amounts based on the proposals, four would like the net based on credit with legal enforceability at all times and one based on credit in the event of default /bankruptcy.

Users were also asked, with the proposed criteria in mind, which information they preferred to see on the face of the statement of financial position and which should be disclosed in the notes to the financial statements. Of the 19 who requested net on the face, only two indicated that the proposals were too strict and that they preferred net based on credit only.

See breakout below.

<b>Type of Investor</b>	<b>Survey Participants</b>	<b>Overall View</b>
Both (equity and fixed income)	12	<ul style="list-style-type: none"> <li>• Eight would like net on balance sheet</li> <li>• Two gross on balance sheet</li> <li>• Two were indifferent</li> </ul>
Equity	19	<ul style="list-style-type: none"> <li>• Eight would like net on balance sheet</li> <li>• Five prefer gross on balance sheet</li> <li>• The rest indifferent or no response</li> </ul>
Fixed Income	1	<ul style="list-style-type: none"> <li>• Net on balance sheet</li> </ul>
Regulator	1	<ul style="list-style-type: none"> <li>• Gross on balance sheet</li> </ul>
Not indicated	3	<ul style="list-style-type: none"> <li>• One gross on balance sheet</li> <li>• Two net on balance sheet</li> </ul>
<b>Total</b>	<b>36</b>	