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Project	<b>Mandatory effective date of IFRS 9</b>
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Topic	<b>Cover note</b>
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## Introduction

1. The Board issued the first chapters of IFRS 9 *Financial Instruments* in November 2009 (IFRS 9 (2009)). Those chapters set out the requirements for classifying and measuring financial assets. In October 2010 the Board added the chapters on classifying and measuring financial liabilities (IFRS 9 (2010)).
2. IFRS 9 requires retrospective application (including restatement of comparative financial statements ie comparative statements), with transition provisions to address specific difficulties that might arise from retrospective application. For entities that apply IFRS 9 for a reporting period beginning before 1 January 2012, although retrospective application is still required, restatement of comparative statements is permitted, but not required.
3. In October 2010 the Board published a *Request for Views on Effective Dates and Transition Methods* (the 'Request for Views'). The objective of that consultation document was to gather feedback to help the Board establish appropriate effective dates and transition methods for the several new IFRSs expected to be issued during 2011. Comments on the Request for Views were due by 31 January 2011. In March 2011 the staff presented to the Board a high-level summary of the comments received.

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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.

**IASB Staff paper**

4. Based on the feedback received from constituents through the Request for Views and outreach, in August 2011 the Board published the exposure draft *Mandatory Effective Date of IFRS 9* (the 'ED'), which reflected the following tentative decisions:
  - (a) The mandatory effective date of IFRS 9 should be changed to annual periods beginning on or after 1 January 2015,
  - (b) Early application should continue to be permitted, and
  - (c) Comparative statements on the classification and measurement of financial instruments should be required for be entities that initially apply IFRS 9 for annual periods beginning on or after 1 January 2012 (However, the Board asked a question on this in that ED).
5. The comment period of the mandatory effective date ED ended on 21 October 2011. One hundred and twenty-seven comment letters were received, and comment letter summary statistics are included at the end of this cover note.

**Purpose of this meeting's papers**

6. IFRS 9 (2009) and IFRS 9 (2010) are required to be applied for annual periods beginning on or after 1 January 2013. Although not all phases of the project to replace IAS 39 have been completed, entities that have not yet applied IFRS 9 will be required to apply it from 1 January 2013, including presenting comparative statements for the annual period beginning 1 January 2012. Due to the need for entities to prepare comparative statements beginning at 1 January 2012, the staff believes that the amendments, if any, related to the mandatory effective date and the requirement to issue comparative statements should be issued expeditiously.
7. Therefore, the papers for this meeting present a summary of the feedback received from respondents to the ED and the Request for Views related only to the mandatory effective date of IFRS 9 (**Agenda Paper 1A**) and the requirement to restate comparative statements for entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2012 (**Agenda Paper 1B**). Other feedback will be addressed at future meetings.
8. Paragraph references in these agenda papers are from IFRS 9 (2010). Unless stated otherwise, the use of 'IFRS 9' refers both to IFRS 9 (2009) and IFRS 9 (2010).

IASB Staff paper

Comment letter summary statistics

Respondents by geographic region	Number	%
Africa	5	4%
Asia-Pacific	27	21%
Europe	62	49%
International	10	8%
Middle East	1	1%
North America	17	13%
South America	5	4%
<b>Total</b>	<b>127</b>	<b>100%</b>

Respondents by type	Number	%
Accounting firm	8	6%
Industry Organization	26	20%
Other	7	6%
Preparer - Banking	19	15%
Preparer - Insurance	4	3%
Preparer - Other	16	13%
Professional Organization	14	11%
Regulator	6	5%
Standard setter	27	21%
<b>Total</b>	<b>127</b>	<b>100%</b>