

STAFF PAPER

20-21 February 2014

REG IASB Meeting

Project	Financial Instruments: Impairment		
Paper topic	Cover note		
CONTACT(S)	Riana Wiesner	rwiesner@ifrs.org	+44 (0)20 7246 6926
	Tiernan Ketchum	tketchum@ifrs.org	+44 (0)20 7246 6937

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Introduction

1. This cover note introduces the agenda papers to be discussed at this month's meeting and provide information on next steps.
2. In January, the IASB staff presented an agenda paper on the presentation and disclosure requirements proposed in the Exposure Draft ('ED') *Financial Instruments: Expected Credit Losses*. This concluded the technical discussions of the proposed expected credit loss (ECL) impairment model.
3. At this month's meeting the staff will present the following agenda papers:
 - (a) Agenda Paper 5A: Mandatory effective date of IFRS 9
 - (b) Agenda Paper 5B: Comparison between tentative decisions and proposals;
 - (c) Agenda Paper 5C: Due process, re-exposure and permission to ballot; and
 - (d) Agenda Paper 5D: Overview of tentative expected credit loss impairment model.
4. This paper is for information purposes only and there are no questions for the IASB.

Agenda Paper 5A: Mandatory effective date of IFRS 9

5. This agenda paper provides a basis for the IASB to determine the mandatory effective date for IFRS 9.
6. Although the mandatory effective date will apply to the completed IFRS 9 as a whole (ie classification and measurement, impairment and hedge accounting¹) the analysis mainly focuses on the period required to implement the ECL impairment model as that is expected to be the phase that requires the greatest lead time for most entities (particularly financial institutions)
7. In addition, this agenda paper also considers the potential implications of having different mandatory effective dates for IFRS 9 and the new insurance contracts Standard.

Agenda Paper 5B Comparison between tentative decisions and proposals

8. The purpose of this paper is to summarise the significant concerns raised by respondents on the Impairment ED and describe the ways in which the IASB has addressed these through the tentative decisions reached during redeliberations. This paper also provides an update on the FASB's recent decisions.

Agenda Paper 5C: Due process, re-exposure and permission to ballot

9. This paper analyses the IASB's compliance with due process requirements over the course of the Impairment project, and considers whether the requisite steps to proceed to the Ballot Draft of the new impairment chapter to be included in IFRS 9 *Financial Instruments*, have been met.

¹ Although the mandatory effective date will be applicable to all phases of IFRS 9, the IASB has already decided to allow entities to choose to continue to apply the IAS 39 hedge accounting requirements pending the completion of the project on accounting for macro hedging. This decision was included in the new version of IFRS 9 published in November 2013.

Agenda Paper 5D: Overview of tentative expected credit loss impairment model

10. This paper provides an overview of the tentative expected credit loss impairment model and incorporates the proposals in the Exposure Draft *Expected Credit Losses* (the 2013 ED) and the tentative decisions made during the redeliberation process.
11. This paper is for discussion only and does not include any questions to the IASB

Next steps

12. The staff expect that the completed version of IFRS 9, which will include the expected credit loss impairment requirements, will be issued in the first half of 2014.