

## STAFF PAPER

7–8 April 2016

## Accounting Standards Advisory Forum

Project	Amendment to IFRS 4: Applying IFRS 9 <i>Financial Instruments</i> with IFRS 4 <i>Insurance Contracts</i>		
Paper topic	Cover Note		
CONTACT(S)	Samuel Prestidge	<a href="mailto:sprestidge@ifrs.org">sprestidge@ifrs.org</a>	+44 (0)20 7462 6428
	Joanna Yeoh	<a href="mailto:jyeoh@ifrs.org">jyeoh@ifrs.org</a>	+44 (0)20 7462 6481

This paper has been prepared for discussion at a public meeting of the Accounting Standards Advisory Forum. The views expressed in this paper do not represent the views of the International Accounting Standards Board® (“the Board”) or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB *Update*.

**Objective of this meeting**

1. The objective of this meeting is to:
  - (a) provide ASAF members with an update on the recent work undertaken on the amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*. This includes updates on:
    - (i) the March 2016 International Accounting Standards Board (‘the Board’) tentative decisions; and
    - (ii) the papers for the April 2016 Board meeting; and
  - (b) to ask ASAF members:
    - (i) for feedback from the March 2016 Board’s discussions; and
    - (ii) to seek advice on other topics that will form part of the Board’s redeliberations at its future meetings.

**Background**

2. The Exposure Draft Exposure Draft (‘ED’) *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* was published in December 2015. The comment letter deadline closed on 8 February 2016 and 95 letters have been received (correct as of 3 March 2016).

3. The proposed amendments to IFRS 4 are designed to address the concerns of some interested parties about the different effective dates of IFRS 9 and the forthcoming new insurance contracts Standard. IFRS 9 sets out requirements for recognising and measuring financial instruments and has an effective date of 1 January 2018. Consequently, IFRS 9 will affect the majority of assets held by entities issuing insurance contracts as these are financial assets.
4. At its meeting in February 2016 the Board gave the staff permission to commence the ballot and drafting of the forthcoming insurance contracts Standard. The Board is expected to set the effective date of the Standard when drafting has sufficiently progressed, which is expected to be three years after the effective date of IFRS 9. In view of the timing of the when the insurance contracts Standard will be issued its mandatory effective date will be after the mandatory effective date of IFRS 9.

### March 2016 Board Meeting

5. At the March 2016 meeting the Board will consider a summary of the feedback received from comment letters on the ED and from outreach undertaken with user of financial statements, as follows:
  - (a) Agenda Paper 14A/April 2016 ASAF Agenda Paper 6A *Summary of comment letters and outreach* provides a high-level summary of the comments received in comment letters and during outreach meetings on the ED.
  - (b) Agenda Paper 14B/ April 2016 ASAF Agenda Paper 6B *Summary of feedback from users of financial statements* summarises the feedback from users of financial statements (eg investors and analysts) on the proposals set out in the ED.
6. The Board will also consider key decisions that will set the direction for the Board's redeliberations of the proposed amendments to IFRS 4. Those key issues are in March 2016 Agenda Paper 14C/ April 2016 ASAF Agenda Paper 6C *Project direction and plan*.

7. Agenda Paper 14C/April 2016 ASAF Agenda Paper 6C also describes the project plan for those proposed amendments to IFRS 4 and the issues that staff expects to discuss with the Board at its April and May 2016 meetings.
8. At the April 2016 ASAF meeting staff will provide a verbal update on the Board's tentative decisions from its March 2016 meeting.

### **April 2016 Board Meeting**

9. At the April 2016 ASAF meeting the staff will also provide a verbal update on the papers planned for discussion at the April 2016 Board meeting.

### **Questions for ASAF**

#### **Questions**

1. Do ASAF members have any comments on the tentative decisions reached at the March 2016 Board meeting?
2. Do ASAF members have any comments on the other topics that will form part of the Board's redeliberations in its future meetings?