

## STAFF PAPER

April 2021

## IASB® meeting

Project	Financial Instruments with Characteristics of Equity (FICE)		
Paper topic	Cover note		
CONTACT(S)	Angie Ah Kun	<a href="mailto:aahkun@ifrs.org">aahkun@ifrs.org</a>	+44 (0) 20 7246 6418
	Uni Choi	<a href="mailto:uchoi@ifrs.org">uchoi@ifrs.org</a>	+44 (0) 20 7246 6933
	Riana Wiesner	<a href="mailto:rwiesner@ifrs.org">rwiesner@ifrs.org</a>	+44 (0) 20 7246 6412

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of 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 the IASB® *Update*.

## Purpose of this meeting

1. At this month's meeting, the staff will present the following Agenda Papers:
  - (a) Agenda Paper 5A *Disclosures: Terms and conditions of financial instruments*;
  - (b) Agenda Paper 5B *Disclosures: Priority on liquidation*; and
  - (c) Agenda Paper 5C *Disclosures: Potential dilution*.
2. At its February 2021 meeting, the Board discussed potential refinements to disclosure proposals explored in its 2018 Discussion Paper *Financial Instruments with Characteristics of Equity* (the 2018 DP). Based on the feedback provided by Board members at that meeting, the staff further refined the disclosure proposals. Agenda Papers 5A–5C set out the staff's analysis and recommendations with respect to the proposed disclosures. If the Board agrees with the staff's recommendations set out in these papers, it would conclude its discussions on these three disclosure proposals.

3. The purpose of these papers is to enable the Board to make its decisions on the objectives and principles of the disclosure requirements and what information an entity would be required to disclose to meet these objectives. Accordingly, the way we have explained the proposed disclosures does not necessarily reflect how they will eventually be drafted in IFRS Standards. For example, terms such as ‘debt-like features’ and ‘equity-like features’ would be phrased in a way that is more consistent with how IFRS Standards are drafted.
4. As noted in February 2021, once the Board completes its discussions on the classification part of this project, the staff plan to assess whether any additional disclosures are necessary in light of the decisions made on classification.