

STAFF PAPER

March 2022

IASB® meeting

Project	Post-implementation Review of IFRS 9— Classification and Measurement	
Paper topic	Plan for PIR Phase 2	
CONTACT	Laura Kennedy	lkenedy@ifrs.org

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Introduction

1. This paper sets out next steps for the project (PIR Phase 2) in the light of the feedback to the [Request for Information Post-implementation Review of IFRS 9—Classification and Measurement](#) (the RFI) summarised in Agenda Paper 3A.

Plan for PIR Phase 2

Topics to be discussed further

2. Comment letters include little feedback on financial liabilities (topic 5 in AP3A) and transition (topic 8 in AP3A). For all other topics summarised in AP3A, comment letters include detailed feedback. For the IASB to assess what, if any, action it might take in response to that detailed feedback, the staff plan to bring topic specific papers to future meetings. Those papers will provide more detail from the comment letters compared to AP3A, with staff analysis and recommendations.
3. For financial liabilities, while there is little feedback, a few respondents make suggestions and report application challenges relating to the own credit requirement. One of the papers the staff plan to bring to a future meeting is on 'other matters' raised in comment letters (topic 9 in AP3A). Given the little feedback on financial liabilities, the staff plan to include that topic within the 'other matters' paper.

4. For transition, the staff view is that no further analysis of feedback is required. Overall, feedback indicates that the requirements and reliefs provided on transition to IFRS 9 achieved a good balance between costs for preparers and benefits for users.

Priority of discussing topics

5. Some respondents asked the IASB to prioritise its analysis, and any follow-up actions, relating to the feedback on assessing the characteristics of the contractual cash flows of financial assets with sustainability-linked features. Those respondents explained that they see this topic as urgent because the market for such products is fast developing and there is a lack of clarity and consensus in the market about the accounting. At present, many stakeholders are of the view that amortised cost—and not fair value—would provide the most useful information about most such products. However, they think IFRS 9 provides insufficient application guidance about how to assess the contractual cash flow characteristics considering such features.
6. In the light of that feedback, we will prioritise analysis on the contractual cash flow assessment (including financial assets with sustainability-linked features) as one of the first topics to be discussed by the IASB.
7. In the staff view, the question of whether financial assets with sustainability-linked features have SPPI cash flows should not be considered in isolation. Rather, it should be considered at the same time as all feedback on assessing contractual cash flow characteristics because the assessment is a principle-based assessment designed with an intention that it could be applied to any financial asset in the scope of IFRS 9.
8. The staff analysis and recommendations on the remaining topics will be discussed at future IASB meetings following the discussions on assessing contractual cash flow characteristics.

Timing of discussions and next steps

9. The staff plan to bring papers on the topic of contractual cash flow characteristics (including financial assets with sustainability-linked features) to the April and May meetings (initial considerations in April and questions for the IASB on possible next steps in May).
10. We expect that the IASB will complete its discussions for the PIR on the classification and measurement requirements in the third quarter of 2022. At the end of the PIR, the IASB will publish a project report and feedback statement.

Topics for discussion in PIR Phase 2	Expected timing
1. Contractual cash flow characteristics (including financial assets with sustainability-linked features and contractually linked instruments)	April–May 2022
2. Business model assessment	Q2/Q3 2022
3. Equity instruments and OCI	Q2/Q3 2022
4. Modifications to contractual cash flows	Q2/Q3 2022
5. Amortised cost and the effective interest method	At same meeting as topic 4 (interaction between topic 4 and topic 5)
6. Other matters	Q3 2022

11. The IASB plans to start the PIR of the impairment requirements in the second half of 2022.