

IFRS 2 Share-based Payment (January 2010)

Transactions in which the manner of settlement is contingent on future events

The IFRIC received a request to clarify the classification and measurement of share-based payment transactions for which the manner of settlement is contingent on either:

- a future event that is outside the control of both the entity and the counterparty; or
- a future event that is within the control of the counterparty.

The IFRIC noted that paragraphs 34-43 of IFRS 2 provide guidance only on share-based payment transactions in which the terms of the arrangement provide the counterparty or the entity with a choice of settlement.

The IFRIC noted that IFRS 2 does not provide guidance on share-based payment transactions for which the manner of settlement is contingent on a future event that is outside the control of both the entity and the counterparty. The IFRIC noted that many other issues have been raised concerning the classification and measurement of share-based payments as cash-settled or equity-settled. The IFRIC therefore noted that it would be more appropriate for these issues to be considered collectively as part of a post-implementation review of IFRS 2. Therefore, the IFRIC decided not to add these issues to its agenda and recommended that those issues be dealt with by the IASB in a post-implementation review of IFRS 2.