

STAFF PAPER

February 2021

IASB® meeting

Project	Financial Instruments with Characteristics of Equity (FICE)		
Paper topic	Cover note		
CONTACT(S)	Zachariah Gorge	zgorge@ifrs.org	+44 (0) 20 7246 6410
	Angie Ah Kun	aahkun@ifrs.org	+44 (0) 20 7246 6418
	Uni Choi	uchoi@ifrs.org	+44 (0) 20 7246 6933
	Riana Wiesner	rwiesner@ifrs.org	+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: Outreach feedback and research findings*;
 - (b) Agenda Paper 5B *Disclosures: Potential refinements—Priority on liquidation*;
 - (c) Agenda Paper 5C *Disclosures: Potential refinements—Potential dilution*;
 - (d) Agenda Paper 5D *Disclosures: Potential refinements—Terms and conditions*;
 - (e) Agenda Paper 5E *Obligations that only arise on liquidation of the entity—Background, outreach feedback and research findings*; and
 - (f) Agenda Paper 5F *Obligations that only arise on liquidation of the entity—Potential solutions*.

Disclosures (Agenda papers 5A, 5B, 5C and 5D)

2. The purpose of Agenda Papers 5A-5D of this meeting is to set out potential disclosures that can be developed as part of the FICE project, using the disclosure proposals in the 2018 Discussion Paper *Financial Instruments with Characteristics of Equity* (2018 DP) as a starting point.
3. In Agenda Paper 5A, the staff provide background information on the disclosures part of the FICE project, summarise the additional outreach conducted with stakeholders and present the findings from the staff's research on regulatory disclosures provided by banks and insurers.
4. In Agenda Papers 5B-5D, the staff recap some of the key concerns raised and suggestions made by stakeholders on proposals set out in the 2018 DP and then present potential refinements to address some of these concerns and suggestions. The staff also provide feedback from additional outreach conducted with stakeholders to discuss these potential refinements. Based on the additional feedback and the staff's analysis, the staff then present their views on the way forward.
5. The staff will not ask the Board to make any decisions in this meeting but welcomes questions or comments on the potential refinements presented. The staff will consider potential further refinements and present the proposed disclosures for the Board's tentative decision at a future meeting.

Financial instruments that contain obligations that arise only on liquidation (Agenda papers 5E and 5F)

6. The objective of Agenda Papers 5E-5F is to begin the Board's discussion on the classification of particular financial instruments that contain obligations that arise only on liquidation of the entity. In Agenda Paper 5E, the staff provide more information on these types of instruments, summarise the feedback from targeted outreach conducted with equity analysts to understand their information needs and present research findings on current classification and presentation of these types of instruments.

7. In Agenda Paper 5F, the staff explore alternative solutions related to classification, presentation and disclosure that the Board could consider and present their preliminary view. The staff will ask the board if it agrees with their preliminary view which will help set the direction for developing proposals on this topic.