



ED/2011/3

Mandatory Effective Date of IFRS 9

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I. Introduction (I)

Background

- IFRS 9 (November 2009) = “2009 version“ (V2009)
 - new provisions on classification & measurement of financial assets only
 - initial application by 1 Jan 2013, early application permitted
- IFRS 9 (October 2010) = “2010 version“ (V2010)
 - additional provisions on classification & measurement of financial liabilities
 - provisions on derecognition or transfer retained from IAS 39
 - provisions on Fair Value retained from IAS 39
 - minor amendments to transitional provisions → relation to V2009 clarified
 - initial application by 1 Jan 2013, early application permitted
- further versions of IFRS 9 (V201X, V201Y) when finalising phase 2 & 3



I. Introduction (II)

In a nutshell

- IASB proposal taken on 22 July 2011 to defer mandatory initial application of IFRS 9 to 1 January 2015
 - reason 1: delayed finalisation of phases 2 and 3 is obvious
 - reason 2: allow for simultaneous transition to (delayed) IFRS 4amend
 - no reason = EU endorsement of IFRS 9 still open
 - no reason = potential changes to IFRS 9, if any, due to FASB project on financial instruments
- unchanged: early application permitted
- publication of this proposed amendment as ED/2011/3 as of 4 August 2011
- comment deadline 21 October 2011



II. Proposals of the ED

Material changes

- **What's new: mandatory initial application deferred to 1 January 2015**
- **What remains unchanged:**
 - early application permitted
 - early application of V2009 or V2010 at an entity's choice
 - retrospective initial application
 - if early application before 1 January 2012, no need to adjust comparatives

Formal changes

- ED only contains modified year (~~2013~~15) within
 - paras. 7.1.1 and 7.3.2. in IFRS 9 (V2010)
 - para. 8.1.1 in IFRS 9 (V2009)



III. Questions in the ED (I)

Question 1:

The Board proposes to amend IFRS 9 (2009) and IFRS 9 (2010) so that entities would be required to apply them for annual periods beginning on or after 1 January 2015. Do you agree? Why or why not? If not, what alternative do you propose??

GASB's preliminary view:

- **agreement** with deferral, as this allows for
 - sufficient lead time for transition
 - simultaneous implementation of all IFRS 9 phases as well as IFRS 4
- 1 January 2015 is appropriate based on current workplan
- **but caveat:** if further delay of phases 2 & 3, setting a date beyond 1 January 2015 when finalising this amendment would be appropriate



III. Questions in the ED (II)

Question 2:

The Board proposes not to change the requirement in IFRS 9 for comparatives to be presented for entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2012. Do you agree? Why or why not? If not, what alternative do you propose?

GASB's preliminary view:

- **agreement** with non-extension of the relief on comparatives, as there is now sufficient lead time for those applying IFRS 9 early



IV. GASB's additional comments (I)

- **objection** to IFRS 9.7.2.4: assess the business model at the “date of initial application“ (i.e. 1 Jan 2015) even for the comparative reporting period (2014)
 - Proposal: assess business model at the “beginning of the comparative period“
- **objection** to IFRS 9.7.2.1: not apply IFRS 9 to financial instruments that have already been derecognised at the date of initial application (but are recognised in the comparative period)
 - Proposal: provide an option to apply IFRS 9 or IAS 39
- **further objection**: choice between different versions of IFRS 9 for early application is inappropriate, i.e. in case of further version during 2011/2012
 - Proposal: allow for early application of the latest IFRS 9 version only
 - ALTERNATIVE proposal possible: if the latest has been published after beginning of the first comparative period, allow for early application of the latest version or the version before

IV. GASB's additional comments (II)

Applicability of IFRS 9 versions

Reporting period/year (Comparative period)	2009	2010	2011	2012	2013	2014	2015
Version 2009 (Nov 2009) Provisions on assets	?	OK *	OK	OK	OK	OK	OK
Version 2010 (Oct 2010) ... and liabilities	--	?	OK *	OK	OK	OK	OK
<i>Version 2012a (March 2012) ** ... and hedge accounting</i>	--	--	--	?	OK *	OK	OK
<i>Version 2012b (Dec 2012) ** ... and impairment</i>	--	--	--	?	OK *	OK	OK
<i>Version 2013 (July 2013) ** ... and macro hedging</i>	--	--	--	--	?	OK *	OK

* could be distinguished for the year being the reporting period or the comparative period

** hypothetical finalisation → only for explanatory purpose of the issue, no indication of probable finalisation



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