

This paper provides the technical advice from EFRAG TEG to the EFRAG Board, following EFRAG TEG's public discussion. The paper does not represent the official views of EFRAG or any individual member of the EFRAG Board. This paper is made available to enable the public to follow the EFRAG's due process. Tentative decisions are reported in EFRAG Update. EFRAG positions as approved by the EFRAG Board are published as comment letters, discussion or position papers or in any other form considered appropriate in the circumstances.

Interest Rate Benchmark Reform – Phase 2 – EFRAG's FEA Cover Note

Objective

- 1 The objectives of the session are to:
 - (a) Consider the comments received in response to EFRAG's Invitation to Comment on its draft endorsement advice on the IASB's *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16)* and the eventual comments from EFRAG TEG; and
 - (b) Approve a final endorsement advice letter.

Comment letters received

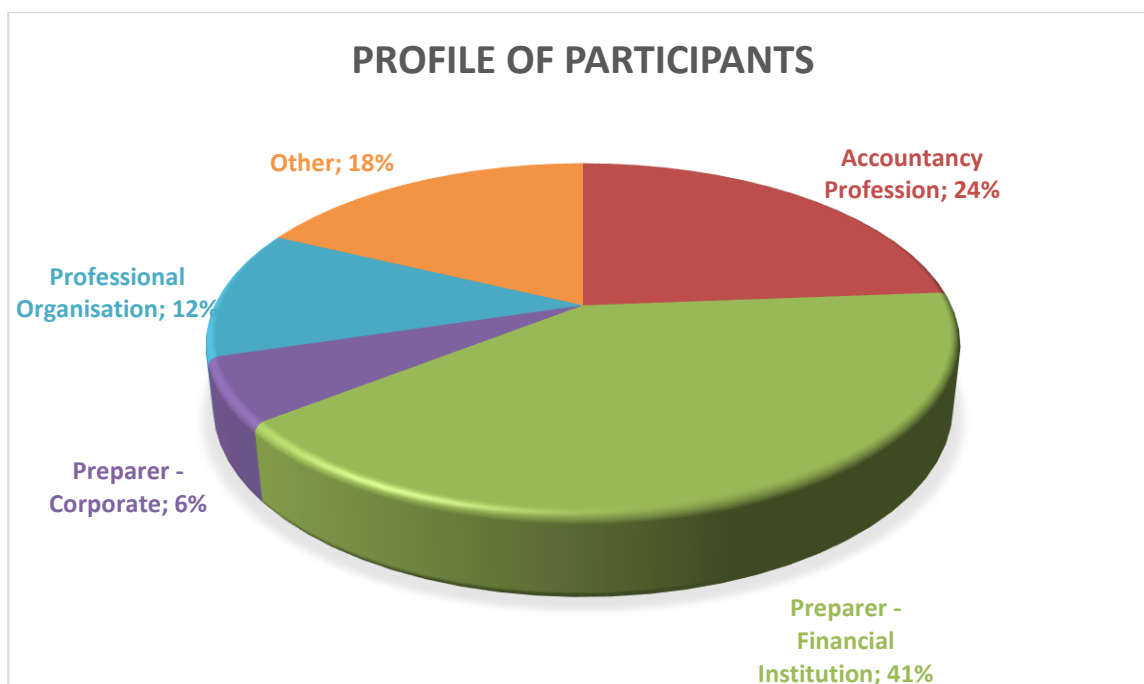
- 2 EFRAG published its draft endorsement advice on 28 August 2020 and received comment letters from 9 constituents (at the moment of drafting).

Table 2: Total respondents by country and by type

Respondent by country:		Respondent by type:	
UK	1	National Standard Setters	4
Germany	3	Audit organisations	1
Italy	1	Preparers	2
France	1	Preparer organisations	2
European organisations	2		
Global organisations	1		
	9		9

- 3 In addition, on 7 September 2020, EFRAG conducted a public outreach event on the endorsement of the Amendments which was attended by 23 participants.
- 4 All participants recommended the endorsement of the Amendments.

The profiles of participants in the outreach event are presented in the graph below:



EFRAG Secretariat proposed recommendation

- 5 Considering the input received from constituents, the EFRAG Secretariat proposes to recommend the FEA for approval to the EFRAG Board after including the following drafting change:
 - (a) Changing the fourth paragraph on page 2 of the cover letter to reflect the IASB terminology change from “modifications” to “changes in the basis for determining the contractual cash flows” in accordance with the issue 1 described in the paper 01.05.
- 6 Any eventual comments from EFRAG TEG will also be reflected in the FEA clean and compare versions and introduced orally.

Questions for EFRAG Board

- 7 Does EFRAG Board agree to approve the FEA on *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16)*?

Agenda Papers

- 8 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 01-02 – Comment letter analysis;
 - (b) Agenda paper 01-03 – Final endorsement advice (compared to the DEA that was issued on 28 August) before EFRAG TEG approval (scheduled for 14 September in the morning);
 - (c) Agenda paper 01-04 – Final endorsement advice (clean) before EFRAG TEG approval (scheduled for 14 September in the morning);
 - (d) Agenda paper 01-05 – Final endorsement advice, mark-up comparing Agenda Paper 01-04 with the text finally approved by EFRAG TEG (this paper will be made available only after EFRAG TEG approval);

- (e) Agenda paper 01-06 – Final endorsement advice clean, which will include also EFRAG TEG comments agreed on 14 September in the morning session (this paper will be updated shortly before the meeting for reflect eventual EFRAG TEG comments);
- (f) Agenda paper 01-07 – IBOR Phase 2 – EFRAG FIWG Discussion – for background only.
- (g) The IASB Amendments can be accessed via this [link](#)ⁱ.

ⁱ The link to the IASB publication is provided under permission of the IASB and is only valid until the publication of the Amendments in the official journal.