

International Accounting Standards Board
7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

21 December 2023

Dear Mr Barckow,

Request for an extension of consultation period on the IASB's Exposure Draft Financial Instruments with Characteristics of Equity

On behalf of the European Financial Reporting Advisory Group (EFRAG), I am writing to request an extension of the consultation period on the IASB's Exposure Draft *Financial Instruments with Characteristics of Equity* (IASB/ED/2023/5), issued by the IASB on 29 November 2023 (the 'ED').

EFRAG highlights the importance of this project for European constituents, particularly for financial institutions and corporates that are increasingly using complex financial products developed in the aftermath of the financial crisis (e.g. hybrid instruments) to obtain financing. Such instruments have been testing the requirements in IAS 32 *Financial Instruments: Presentation* and raising a number of questions that have been discussed by the IFRS Interpretations Committee in the past (often with the recommendation for the IASB to address the issues within a more comprehensive project on the distinction between debt and equity).

The ED is a new round of a long debate on how to distinguish liabilities from equity instruments, a discussion that lasts for more than 10 years (e.g. [EFRAG DP Equity-Liabilities](#)) due to the complexity of the topic. EFRAG highlights that engaging with European constituents in this debate is of high importance.

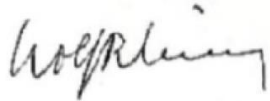
EFRAG highlights the importance of assessing, through fieldwork and outreach events, the likely effects of the changes proposed by the IASB. In our opinion, it would not be possible, with the proposed comment period of 120 days, to sufficiently engage with preparers and users to fully understand their issues and how the IASB proposals will affect them. In particular, if we take into account that the comment period will overlap with the year-end close of most European companies that will prepare their annual financial statements for 2023.

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Considering this, EFRAG requests an extension of 45 days on the IASB comment period to enable sufficient engagement with our constituents, which will be fundamental to ensure that we collect robust and relevant feedback to the ED.

If you would like to discuss our request further, please do not hesitate to contact Sébastien Harushimana or me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Wolf Klinz', written in a cursive style.

Wolf Klinz

EFRAG FBR Chair