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Financial Instruments with Characteristics of Equity

Cover Note

Introduction and Objective

- 1 The objective of the session is for EFRAG FR TEG to discuss and agree on the questions for the extensive field-testing and the survey related to the IASB's Exposure Draft ('ED') ED/2023/5 *Financial Instruments with Characteristics of Equity* ('FICE').

Current status of the FICE project

- 2 We refer to the EFRAG FR TEG and FRB joint meeting of 8 January 2024 where the EFRAG FR TEG recommended EFRAG FRB to approve, and EFRAG FRB approved, the Draft Comment Letter ('DCL'), subject to changes to be made by the EFRAG Secretariat. The DCL is expected to be published in the coming days.
- 3 The questions in the extensive field-testing and the survey incorporate the questions to constituents which are in EFRAG's DCL.

Next steps

- 4 The nature of the field-tests to be conducted is as follows:
 - (a) **An extensive field-test** - participants would apply the IASB proposals and compare the results with current practice; and
 - (b) **A lighter version**, i.e., a survey which will be qualitative in nature.
- 5 The EFRAG Secretariat is proposing a deadline to submit replies to both the field-tests to be **8 March 2024**.
- 6 In addition to the field-tests, the EFRAG Secretariat is in the process of planning the following activities, the feedback of which will be used in EFRAG's final comment letter:
 - (a) **Outreach events:** The time between the publication of the FICE ED and IASB deadline for comment letters is very limited (including the annual reporting period where the potential participants are predominantly concentrated on preparation of their entities' annual accounts). Therefore, in order to provide useful input from different jurisdictions and to leverage from various sources, the EFRAG Secretariat is requesting for help from National Standard Setters to organise outreach events on the FICE ED.

Tasks	Dec 23	Jan 24	Feb 24	Mar 24
Key messages				
Work on DCL	FR TEG and FRB discussion	<ul style="list-style-type: none"> FR TEG recommendation to EFRAG FRB EFRAG FRB approval DCL issued 		
Outreach events	Coordination	Coordination	Coordination/Events	Events
Extensive Field Testing and Survey			Testing	Testing (till early March)
Work on FCL			Updates	FCL

Agenda Papers

7 In addition to this cover note, agenda papers for this session are:

- (a) Agenda paper 01-02 – Extensive field-test on the IASB’s Exposure Draft ED/2023/5; and
- (b) Agenda paper 01-03 – Survey on the IASB’s Exposure Draft ED/2023/5.

Questions for EFRAG FR TEG members

- 8 Does EFRAG FR TEG agree with the proposed questions of the extensive field-test (Agenda Paper 01-02)?
- 9 Does EFRAG FR TEG agree with the proposed questions of the survey (Agenda Paper 01-03)?
- 10 Does EFRAG FR TEG agree with the proposed deadline of **8 March 2024** to receive responses for both the extensive field-test and the survey?