Staff Paper

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Project: **Put options written on non-controlling interests**

Topic: **Potential scope exclusion to IAS 32 for certain written put options over non-controlling interests**

Introduction and purpose of this paper

1. Over the course of several meetings, the IFRS Interpretations Committee (the 'Committee') has discussed the accounting for put options written on shares held by non-controlling interest shareholders ('NCI puts') in the consolidated financial statements of the controlling shareholder.[1] Some constituents have expressed concerns to the Committee about the diversity in accounting for the subsequent measurement of the financial liability that is recognised for those NCI puts.

2. At its March 2011 meeting the Committee agreed on a possible short-term solution to that issue. That solution would require an amendment to the scope of IAS 32 *Financial Instruments: Presentation*. Since amending IFRSs is not within the mandate of the Committee, it referred the issue and possible solution to the Board for its consideration.

[1] The Committee discussed this issue at six meetings—May, July, September and November 2010 and January and March 2011. At the IASB meetings in September and November 2010, the staff updated the Board on the Committee's discussions. If Board members would like copies of previous Committee or Board papers, please let us know.

This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of IFRSs do not purport to be acceptable or unacceptable application of IFRSs.

The tentative decisions made by the IASB at public meetings are reported in IASB *Update*. Official pronouncements of the IASB are published only after each board has completed its full due process, including appropriate public consultation and formal voting procedures.

3. The Committee has recommended that the scope of IAS 32 be amended to exclude some NCI puts. That scope exclusion would change the measurement basis of those NCI puts to that used for other derivative contracts. Specifically, those NCI puts would be initially and subsequently measured on a 'net' basis at fair value with all changes in fair value recognised in profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*[2]—rather than being measured on a 'gross' basis at the present value of the option exercise price as is currently required by paragraph 23 of IAS 32.

4. This paper:

   (a) provides background information about the issue and the Committee's discussions;

   (b) describes how the scope exclusion would work;

   (c) sets out which NCI puts would be scoped out of IAS 32 (ie the 'scope of the scope exclusion');

   (d) summarises some advantages and disadvantages of a scope exclusion; and

   (e) addresses other issues related to publishing a proposed amendment to IAS 32.

Background

What instruments are we talking about?

5. In case board members need a quick refresher, the following is a simple example of a NCI put:

   (a) ParentCo owns 90% of SubCo.

   (b) OtherCo owns the remaining 10% of SubCo.

   (c) ParentCo writes a put option on OtherCo's 10% non-controlling interest. If OtherCo exercises that put option, ParentCo is obliged to purchase OtherCo's interest in SubCo.

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[2] For simplicity, this paper assumes that the 'cost exception' described in paragraph 47(a) of IAS 39 for derivatives on unquoted equity instruments is not applied.

(d) In ParentCo's consolidated financial statements, the instrument described above in bullet (c) is an example of an NCI put that would be within the scope of the scope exclusion described in this paper.

6. The fact pattern set out above is a straightforward example of a NCI put. However, not all NCI puts within the scope of this discussion have exactly the same features. We discuss the 'scope of the scope exclusion' later in this paper.

What are the existing accounting requirements?

7. Paragraph 23 of IAS 32 states that a contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the re0demption amount. That amount is reclassified from equity. We often refer to those requirements as 'grossing up' the liability or measuring it on a 'gross' basis.

8. As a result of the requirements in paragraph 23 of IAS 32, NCI puts are measured on a gross basis in the consolidated financial statements of the controlling shareholder. That is because the non-controlling interest is a component of the consolidated group's equity—therefore, a put option written on the non-controlling interest is a contract to purchase the consolidated group's own equity instruments. (In contrast, in the **separate** financial statements of the controlling shareholder, paragraph 23 of IAS 32 does **not** apply because the put is not a contract to purchase the parent's 'own equity'. Therefore in those separate financial statements the put option is measured in accordance with the requirements in IAS 39 and IFRS 9 for derivative contracts.)

9. Some constituents believe that measuring an NCI put on a gross basis results in counterintuitive information that does not reflect the economics of the instrument (this criticism is discussed further in paragraph 41(b) of this paper)—however, there is no debate that IAS 32 requires such gross treatment.

10. However there **is** debate about the subsequent measurement of that grossed-up liability prior to its exercise or lapse. The issue arises because of a potential inconsistency between the requirements for measuring financial liabilities (IAS 32, IAS 39 and IFRS 9) and the requirements for transactions with owners in their capacity as owners (IAS 27 *Consolidated and Separate Financial Statements*):

    (a) Some constituents think that subsequent changes in the liability that is recognised for the NCI put should be recognised in **profit or loss** pursuant to the guidance in IAS 32, IAS 39 and IFRS 9.[3]

    (b) Other constituents think that subsequent changes in that liability should be recognised in **equity** pursuant to the guidance in paragraph 30 of IAS 27, which requires that changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners).

11. That potential inconsistency was the primary question posed to the Committee. However, the Committee noted that there are other 'knock on' questions related to the accounting for NCI puts—including which component of equity should be debited when a grossed-up liability is initially recognised (ie should the non-controlling interest be debited (derecognised) or should another component of equity be debited?).

A brief timeline of the discussions to date

May 2010–September 2010

12. The Committee's discussion began in May 2010 and resulted in the following being included as a tentative agenda decision in the September 2010 IFRIC Update:

> The Committee received a request for guidance on how an entity should account for changes in the carrying amount of a financial liability for a put option, written over shares held by a non-controlling interest shareholder ('NCI put'), in the consolidated financial statements of a parent entity. The request focuses on the accounting for a NCI put after the 2008 amendments were made to

[3] Paragraph 35 of IAS 32, paragraphs 55 and AG8 of IAS 39, and paragraph 5.7.1 of IFRS 9 (2010)

> IFRS 3 *Business Combinations*, IAS 27 *Consolidated and Separate Financial Statements* and IAS 39 *Financial Instruments: Recognition and Measurement*.
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> The Committee observed that paragraph 23 of IAS 32 requires the financial liability recognised for a NCI put to be subsequently measured in accordance with IAS 39. The Committee also observed that paragraphs 55 and 56 of IAS 39 require changes in the carrying amount of financial liabilities to be recognised in profit or loss. However, the Committee noted that additional accounting concerns exist relating to the accounting for NCI puts.
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> Therefore, the Committee [decided] not to add this issue to its agenda but to recommend that the Board address these additional accounting concerns as part of the Financial Instruments with Characteristics of Equity (FICE) project. The Committee observed that it would expect entities to apply the guidance in IAS 1 *Presentation of Financial Statements* in determining whether additional information relating to the accounting for NCI puts should be disclosed in the financial statements, including a description of the accounting policy used.

13. At the September 2010 IASB meeting, the staff provided the Board with a summary of the Committee's discussions relating to NCI puts. The Board observed that the Committee had tentatively decided not to add those issues to its agenda and had recommended that the Board address the accounting for NCI puts as part of its Financial Instruments with Characteristics of Equity (FICE) project. The Board noted that it would consider addressing those concerns as part of the FICE project.

October 2010–November 2010

14. The Committee received a significant number of comment letters on its September 2010 tentative agenda decision relating to NCI puts. The comment letters highlighted the significant diversity in practice that exists related to the presentation of fair value changes of NCI puts (as described above in paragraph 10) and expressed support for either the Committee or the Board to provide additional guidance on a timely basis.

15. At its meeting in November 2010 the Committee noted that the Board had recently acknowledged that it could not devote the time necessary to deliberate the issues relating to the FICE project. Consequently the Committee decided to add this issue to its agenda, with the objective of addressing the current diversity in practice on a timely basis. The Committee requested that the staff work with the FICE project team and consider potential alternative approaches for accounting for NCI puts. In connection

with this, the Committee asked the staff to seek the Board's views as to whether it should pursue possible solutions to the issue, including applying derivative accounting to NCI puts.

16. Therefore at the November 2010 IASB meeting the staff updated the Board on the Committee's recent discussions on NCI puts. The Board discussed the Committee's decision to address the issue of accounting for NCI puts and expressed support for the Committee to explore possible solutions to that issue.

January 2011–present

17. At its January 2011 meeting the Committee received an educational session from the staff on the FICE team to learn about their views on the possible direction and timing of the FICE project. The Committee discussed possible paths forward including a scope exclusion from IAS 32 for NCI puts.[4] The Committee asked the staff to consider the viability of such a scope exclusion.

18. In March 2011 the Committee continued to discuss a possible scope exclusion and decided that it is a viable short-term solution. Therefore, the Committee referred this issue to the Board with a recommendation that the Board address this issue on a timely basis by publishing proposed amendments to IAS 32 to exclude particular NCI puts from the scope of that Standard.

19. The remainder of this paper discusses the Committee's recommendation in more detail.

How the scope exclusion would work

20. As mentioned at this beginning of this paper, the scope exclusion would change the measurement basis of NCI puts to that used for other derivative contracts. Specifically, NCI puts would be initially and subsequently measured on a net basis at

[4] The Committee discussed other possible paths forward, including: (a) to retain the existing gross measurement basis for NCI puts but amend the presentation requirements in IAS 32, IAS 39 and IFRS 9 to require that changes in the carrying amount of those liabilities are presented in equity or (b) develop an interpretation to address the potential inconsistency between the requirements for measuring financial liabilities (IAS 32, IAS 39 and IFRS 9) and the requirements in IAS 27. Such an interpretation could focus on the requirements in IAS 32, IAS 39 and IFRS 9 that changes in the carrying amount of financial liabilities are recognised in profit or loss.

fair value through profit or loss in accordance with the guidance for derivatives in IAS 39 and IFRS 9—rather than being measured on a gross basis at the present value of the option exercise price as is currently required by IAS 32.

The effect on IAS 32

21. The scope of IAS 32 (paragraph 4) would be amended to exclude particular NCI puts. Thus **none** of the requirements in IAS 32 would apply to those instruments. The amendments to IAS 32 also would describe clearly which NCI puts were subject to that scope exclusion (the scope of the scope exclusion is discussed later in this paper).
22. As a result, the requirements in paragraph 23 of IAS 32 to recognise a financial liability at the present value of the option exercise price would not apply to NCI puts excluded from the scope of that Standard. Instead, the measurement requirements in IAS 39 or IFRS 9 would apply (both initially and subsequently)—and the NCI put would be measured on a net basis at fair value with all changes in fair value recognised in profit or loss.
23. It would be unnecessary to make any further amendments to IAS 32. The existing requirements would be unchanged for the contracts that remain within its scope.

The effect on other IFRSs

24. The scope exclusion would not affect any other IFRSs (other than some possible minor editorial changes to reflect the change in the scope of IAS 32).

IAS 27

25. The scope exclusion would only affect the accounting for the NCI **put**. It would not affect the accounting for the non-controlling interest itself; therefore, it would be unnecessary to make any amendments to IAS 27 and IFRS 10.
26. At least one Committee member asked whether the scope exclusion would affect put options that provide, in substance, the controlling shareholder with a present ownership interest in the shares held by the non-controlling interest shareholder. While we think that would be rare, it might be the case if the put option transfers rights

associated with the shares to the controlling shareholder (eg voting and dividend rights) prior to the put's exercise and the controlling shareholder and the non-controlling shareholder enter into other related transactions.

27. We do not think the proposals would affect those put options. That is because if the derivative provides a present ownership interest in the shares held by the non-controlling interest shareholder, the controlling shareholder has current access to the economic benefits associated with those shares. If that is the case, IAS 27 and IFRS 10[5] require the controlling shareholder to account for those shares as if it already owns them. As a result, the controlling shareholder would not recognise a non-controlling interest—or a put option on that non-controlling interest.

IAS 39 and IFRS 9

28. NCI puts are financial instruments and already are within the scope of IAS 39 and IFRS 9.

29. If NCI puts were excluded from the scope of IAS 32 (and thus excluded from the 'specialised' measurement requirements in paragraph 23), those financial instruments would fall automatically within the measurement requirements in IAS 39 or IFRS 9 for derivative contracts and thus would be measured at fair value through profit or loss.

30. Therefore it would be unnecessary to make any amendments to IAS 39 or IFRS 9 (as we noted in paragraph 5 of this paper, the scope paragraph might need to be clarified).

Further interpretations

31. Since the scope exclusion in IAS 32 would clearly explain that NCI puts are measured in accordance with IAS 39 or IFRS 9 and the requirements in those Standards for derivative contracts are clear, we think it would be unnecessary for the Committee to make any interpretations.

[5] IAS 27, paragraph IG6, and IFRS 10, paragraph B90

The 'scope of the scope exclusion'

32. We think the scope exclusion should be as narrow and straightforward as possible. Otherwise it could add significant complexity to IAS 32 and cause confusion in practice. Moreover if the objective is for the Board to deliberate (and potentially finalise) these amendments quickly, we think it is imperative that they are as uncomplicated as possible.

Limiting the scope exclusion

33. As mentioned at the beginning of this paper, the scope exclusion would apply only to the consolidated financial statements of the controlling shareholder. It would **not** apply to the separate financial statements of the controlling shareholder or to the separate financial statements of any of the subsidiaries. That is because the objective of the scope exclusion is to address a potential inconsistency between the requirements in IAS 32, IAS 39 and IFRS 9 for measuring financial liabilities and the requirements in IAS 27 and IFRS 10 for accounting for transactions with owners in their capacity as owners.[6] That potential inconsistency only arises in the consolidated financial statements (ie in the financial statements that have the NCI)—not in the separate financial statements of the controlling shareholder or any of its subsidiaries. Moreover, in the separate financial statements of the controlling shareholder (and in the separate financial statements of any subsidiary that writes a put option on the equity instruments of another subsidiary), the put option is not a derivative over the entity's own equity instruments. Therefore, IAS 32 continues to apply to put options in the separate financial statements.

34. We think the scope exclusion should be further limited as follows:

    (a) The NCI put is not embedded in another contract. For example, we think that the Board should not re-consider the accounting in IAS 32 for puttable instruments (eg puttable shares).

    (b) The NCI put contains an obligation for an entity in the consolidated group to settle the derivative by delivering cash or another financial asset in exchange

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[6] IAS 27, paragraph 30 and IFRS 10, paragraph 23

for the interest in the subsidiary (ie the put requires 'gross physical settlement'). In other words, the scope exclusion would apply only to those NCI puts that otherwise would be measured on a gross basis pursuant to the requirements in paragraph 23 of IAS 32. The concerns raised by constituents to the Committee relate only to those NCI puts; therefore we see no compelling reason to create a larger scope exclusion than necessary and 'tinker' with requirements in IAS 32 that are not troublesome or problematic.

We note that if the requirements in paragraph 23 do not apply to the NCI put (eg because the NCI put must be settled net in cash), it is measured today on a net basis at fair value in accordance with the requirements for derivative contracts in IAS 39 or IFRS 9. There does not seem to be confusion, concern or diversity in practice related to those requirements; therefore, we think they should remain unchanged.

Further limitations?

35. The Committee discussed whether the scope exclusion should be narrower, ie whether it was appropriate to develop additional criteria to further limit the put options that would be excluded from the scope of IAS 32. For example, the Committee considered whether the scope exclusion should apply only to those put options that are exercisable at (or close to) fair value or at any price that is not a fixed amount.

36. The Committee acknowledged that some constituents might support that additional criterion because if a put option is exercisable at a fixed price, the proposals most likely will result in **more** measurement volatility than the existing requirements. However, the Committee noted that the objective of the proposals is not to reduce measurement volatility but rather to address a potential inconsistency in IFRSs and concerns about whether the existing requirements result in counterintuitive information. Overall the Committee noted that the measurement volatility that results from measuring a derivative contract at fair value is not counterintuitive.[7]

[7] However at least one Committee member questioned the reasonableness of this volatility because some NCI puts that are exercisable at a fixed price would otherwise meet the definition of equity in IAS 32.

37. Consistent with the majority of Committee members, we think the scope exclusion should **not** be any narrower than we have described in paragraphs 33 and 34 of this paper. We acknowledge that further narrowing the scope exclusion would have one noteworthy advantage—it would limit the exception to IAS 32. However, other than that, there does not seem to be any conceptual basis for a narrower scope exclusion, such as one based on the option's exercise price. Moreover creating a narrower scope exclusion would require a detailed list of rules to set out which NCI puts qualify for the exclusion, which is inconsistent with the objective of proposing a straightforward and uncomplicated short-term solution.

A final observation

38. If the scope of IAS 32 was amended as we have described, all NCI puts would be measured on a net basis at fair value with changes recognised in profit or loss in the consolidated financial statements of the controlling shareholder. Said differently, the requirements in paragraph 23 of IAS 32 would no longer apply to any NCI put in the consolidated financial statements of the controlling shareholder.

Examples

39. The following table illustrates the scope exclusion described above. As we discussed in paragraphs 33 and 34, our analysis is limited to the consolidated financial statements of the controlling shareholder and we have assumed that the NCI put is not embedded in another contract and that it contains an obligation for an entity in the consolidated group to deliver cash or another financial asset in exchange for the interest in the subsidiary.

	Instrument	Excluded from IAS 32?	Notes
1	Put options written by the parent on some or all of the shares held by the non-controlling interest shareholder(s), regardless of exercise price (fixed or variable)	Yes	
2	Put options written by any subsidiary in the consolidated group on some or all of the shares held by the non-controlling interest shareholder(s), regardless of the exercise price (fixed or variable)	Yes	In the consolidated financial statements of the controlling shareholder, this includes put options written by a subsidiary on its own shares. That is because the scope exclusion focuses on the NCI put at the consolidated level. At the consolidated level, the NCI put 'looks the same' regardless of who in the group writes it.
3	Forward contracts written by the parent or any other entity in the consolidated group to purchase shares held by non-controlling interest shareholder(s)	No	The concerns raised to the Committee were related to put contracts, not forward contracts. Therefore we see no compelling reason to broaden the scope exclusion to include forward contracts.

	Instrument	Excluded from IAS 32?	Notes
4	Put options written by the parent on its own shares	No	This would require a fundamental change to IAS 32. Moreover, the concerns raised to the Committee were related to the potential inconsistency between IAS 27/IFRS 10 and IAS 32 for NCI puts. Those concerns are not relevant to a put option written by the parent on its own shares.
5	Puttable instruments (eg puttable shares) issued by the parent or any other entity in the consolidated group	No	The Board spent a considerable amount of time in 2006 and 2007 deliberating the classification of puttable instruments. We do not think that debate should be re-opened.

Advantages and disadvantages of a scope exclusion

40. There are several **advantages** of the scope exclusion described in this paper:

(a) It addresses the concern that was originally raised to the Committee— ie that a potential inconsistency between IAS 32 and IAS 27 has resulted in diversity in accounting for the subsequent measurement of the 'gross' liability that is recognised for NCI puts. Moreover, this possible short-term solution avoids the 'knock on' questions that we mentioned in paragraph 11 (eg which component of

equity should be debited when the gross liability is initially recognised). That is because those 'knock on' questions arise only if the liability for the NCI put is measured on a gross basis.

(b) It responds to criticisms about the usefulness of the information provided by the current gross measurement basis. Some constituents have told the Committee that measuring NCI puts on a gross basis results in counterintuitive information that does not reflect the economics of the instrument. For example, if a NCI put is exercisable at (or close to) fair value, there likely will be significant volatility in the measurement of the liability over its life even though the instrument's fair value will always be close to zero. Under the proposed amendments, there will be no (or little) volatility in the measurement of such a NCI put.

(c) It is a non-invasive solution that would require limited amendments to IAS 32.

(d) It is directionally consistent with the boards' discussions in the FICE project. In that project the boards preliminarily decided that all puts written on an entity's own shares should be accounted for on a net basis as a derivative contract.

41. However, there are several **disadvantages** of a scope exclusion:

(a) It creates another exception to IAS 32. The issue of how to measure these types of obligations was thoroughly debated when IAS 32 was revised in 2003, as illustrated by the dissenting opinion to that revision. The scope exclusion discussed in this paper would be a direct reversal of the IASB's decision at the time.

(b) Criticisms about the usefulness of the information provided by the current measurement basis (ie measuring the liability on a gross basis) are applicable to all put options and forward purchase contracts written on an entity's own equity—not just NCI puts. There is little conceptual basis for accounting for NCI puts differently.

(c) IAS 32 and IAS 39/IFRS 9 set out the primary requirements for accounting for financial instruments—and create a natural 'two step' process for classifying and measuring financial instruments. In the first step, an entity

uses IAS 32 to determine whether an instrument meets the definition of an asset, a liability or equity. In the second step, the entity applies IAS 39 or IFRS 9 to all non-equity instruments. This scope exclusion would create an exception to that two-step process. Unlike all other financial instruments, NCI puts would skip the first step—and would only be within the scope of IAS 39/IFRS 9. [Moreover, this scope exception would mean that **none** of the requirements in IAS 32 would apply to NCI puts—therefore the Board would need to be comfortable that all existing requirements in IAS 32 and any future changes to that Standard are not applicable to NCI puts.]

(d) The FICE project is still on the boards' active agendas and amendments to IAS 32 could risk pre-empting the discussions in that project. While the boards could reach a different conclusion in that project, we think changing direction would be more difficult following an amendment to IAS 32. As the IASB has seen with its other recent amendments to IAS 32 (for puttable instruments and rights issues), there is significant pressure to come to the same conclusion to avoid requiring practice to change twice in a short period.

Other considerations

Transition

42. Consistent with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and the existing requirements in IAS 32, we recommend retrospective application. We think entities will have the necessary fair value information in many cases.

43. For example if the controlling shareholder prepares separate financial statements under IFRSs, the put is measured today on a net basis at fair value in those separate financial statements. As we mentioned previously in this paper, that is because the requirements in paragraph 23 of IAS 32 to measure a put option on a gross basis are only applicable to contracts that contain an obligation for an entity to purchase its own equity—and in the separate financial statements of the controlling shareholder, the put option is not on its own equity (and thus paragraph 23 does not apply).

44. Furthermore, if the NCI put is exercisable at fair value, the fair value of that derivative contract over its life will be close to zero.

45. In cases where an entity does not have the necessary fair value information, we think the amendments should require that the NCI puts are measured at fair value at the date of initial application. The difference between the previous carrying amount and new carrying amount would be recognised in opening retained earnings or other component of equity, as appropriate. This is consistent with the transition requirements in IFRS 9 for an investment in an unquoted equity instrument (or a derivative that is linked to and must be settled by delivery of such an unquoted equity instrument) that had been accounted for at in cost in accordance with IAS 39.

Interaction with effective date of IFRS 9 and IFRS 10

46. In October 2010 IFRS 9 replaced the requirements in IAS 39 for measuring financial liabilities. However, other than eliminating the cost exception for particular derivatives that will be settled by delivering unquoted equity instruments, IFRS 9 did not change the requirements for measuring derivative liabilities. Similarly, in May 2011 IFRS 10 *Consolidated Financial Statements* replaced the requirements in IAS 27 for preparing consolidated financial statements. However IFRS 10 did not change the requirements for accounting for transactions with owners in their capacity as owners.

47. If the Board decides to finalise the proposals, we think it should permit an entity to apply the amendments regardless of whether the entity has applied IFRS 9 or IFRS 10 or is still applying IAS 39 or IAS 27. That is consistent with the objective to develop a straightforward, short-term solution on a timely basis.

Comment period

48. The Due Process Handbook says that the IASB normally allows a period of 120 days for comment on an exposure draft. However, in particular circumstances, the Board may consider a shorter comment period of no less than 30 days.

49. We recommend a comment period of 120 days. Although the scope exclusion described in this paper is short (ie it is proposing a limited change to IAS 32), we do

not think that the proposed amendment necessarily meets all the criteria for a shorter comment period.

Conclusion and staff recommendation

50. We think a scope exclusion from IAS 32 for NCI puts is a viable short-term solution—and we think it is preferable to other solutions that the Committee has discussed (such as amending the presentation requirements in IAS 32, IAS 39 and IFRS 9 to require re-measurements of NCI puts to be presented in equity rather than profit or loss). While we have concerns about addressing these instruments in isolation (ie separately from other derivatives on the group's own equity), we acknowledge that there are complexities in the accounting for derivatives written on shares held by non-controlling interest shareholders as a result of the interaction between the requirements for consolidated financial statements (IAS 27) and the requirements for measuring financial instruments (IAS 32, IAS 39 and IFRS 9).

Question 1 – Scope exclusion for NCI puts

Does the Board want to publish proposed amendments to IAS 32 to exclude particular NCI puts from the scope of that Standard as described in paragraphs 33 and 34?

If not, what does the Board want to do instead and why?

Question 2 – Transition

If the Board wants to publish proposed amendments as described in Question 1, does the Board agree with the proposed transition in paragraphs 42 to 45?

If not, what does the Board suggest and why?

Question 3 – Interaction with IFRS 9 and IFRS 10

If the Board wants to publish proposed amendments as described in Question 1, does the Board agree with the staff's recommendations in paragraphs 46 and 47 that an entity should be able to apply the amendments prior to applying IFRS 9 or IFRS 10?

If not, what does the Board suggest and why?

Question 4 – Comment period

If the Board wants to publish proposed amendments as described in Question 1, does the Board agree with a comment period of no less than 120 days?

If not, what does the Board suggest and why?