Purpose and structure of this paper

1. The IASB’s due process requirements are set out in the *Due Process Handbook* issued in February 2013 (‘the Due Process Handbook’). The Due Process Handbook describes the mandatory and optional steps that need to be undertaken or considered before the publication of an IASB document. If the IASB decides not to undertake the non-mandatory due process steps, it is required to explain why those steps were not necessary (the ‘comply or explain’ approach). In considering the finalisation of an IFRS—or amendments to an IFRS—the objective of the due process is to ensure that the IASB is satisfied that it has undertaken sufficient consultation and analysis to justify its decisions.

2. This paper summarises the due process steps that the IASB has undertaken in developing the **limited amendments** to the classification and measurement requirements in IFRS 9 *Financial Instruments* (‘the C&M Limited Amendments project’) and considers whether the relevant due process requirements have been met so that the IASB can proceed to the balloting process for those amendments.

3. Specifically, this paper:
   
   (a) Provides the background of the C&M Limited Amendments project (paragraphs 5-25),
(b) Considers the due process steps undertaken in the course of the project and outlines the next steps (paragraphs 26-51),

(c) Discusses whether the proposals need to be re-exposed and considers balloting and dissents (paragraphs 52-54); and

(d) Provides questions for the IASB.

4. Appendix A to this paper provides a detailed account of the due process steps performed in the course of finalising the C&M Limited Amendments project.

Background

The C&M Limited Amendments project in the context of the IASB’s overall project to replace IAS 39

5. The C&M Limited Amendments project relates to Phase I (Classification and measurement of financial assets and financial liabilities) of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement.

6. In November 2009, the IASB issued the chapters of IFRS 9 that set out the new requirements for the classification and measurement for financial assets. In October 2010, the IASB added the classification and measurement requirements for financial liabilities. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39; however, the requirements related to the fair value option were changed to address the issue of ‘own credit risk’.

7. In the C&M Limited Amendments project, the IASB considered making narrow changes to the requirements in IFRS 9 for the classification and measurement of financial assets. The IASB’s objectives for the C&M Limited Amendments project are discussed in the following section.

Why the IASB proposed Limited Amendments to IFRS 9

8. Since the issuance of IFRS 9, the IASB has received feedback from interested parties in various jurisdictions who have chosen to apply IFRS 9 early or have reviewed IFRS 9 in detail in preparation for its application. Generally the feedback has
confirmed that IFRS 9 is fundamentally sound and operational, and results in useful information being provided to users of financial statements. However, some interested parties have raised application questions related to the classification of specific financial assets.

9. In addition, when IFRS 9 was deliberated and issued, the IASB acknowledged the difficulties that might be created by differences in timing between the Classification and Measurement phase of the project to replace IAS 39 and the Insurance Contracts project and the interaction between the models. Accordingly, the IASB has consistently stated that the interaction between the classification and measurement of financial assets under IFRS 9 and the accounting for insurance contracts liabilities would be considered once the insurance contracts model has been developed sufficiently.

10. Furthermore, when the first requirements of IFRS 9 were issued in 2009, the IASB’s priority was to make improvements to the accounting for financial instruments available quickly. Consequently, although financial instruments were part of the convergence efforts with the US Financial Accounting Standards Board (FASB), the IASB issued the classification and measurement requirements for financial assets in IFRS 9 while the FASB was still developing its classification and measurement model. While the convergence efforts were complicated by the different project timetables established by the boards to respond to their respective stakeholder groups, the boards remained committed to achieving increased comparability internationally in the accounting for financial instruments.

11. In November 2011, the IASB concluded that it would be appropriate to consider particular application issues and that the Insurance Contracts project had been developed sufficiently such that the IASB could consider the interaction between the accounting models for financial assets and insurance contract liabilities. Moreover, the IASB decided to explore whether increased comparability could be achieved with the FASB’s tentative classification and measurement model for financial instruments.

12. Accordingly, the IASB decided to consider making limited amendments to IFRS 9 in order to:
(a) address specific application issues raised by those who have chosen to early apply IFRS 9 or who have reviewed IFRS 9 in detail in preparation for application;

(b) consider the interaction between the classification and measurement of financial assets and the accounting for insurance contract liabilities; and

(c) seek to reduce the key differences with the FASB’s classification and measurement model for financial instruments.

13. In making this decision, the IASB noted that IFRS 9 is fundamentally sound and operational. In addition, the IASB noted that some constituents have already applied IFRS 9 and others have devoted significant resources to preparing for transition—and therefore the IASB was mindful to minimise the cost and disruption to those constituents where possible. The IASB also acknowledged the need to complete the C&M Limited Amendments project expeditiously to enable IFRS 9 as a whole to be completed and for that completed version to be available for application in its entirety. Accordingly, the IASB decided to **limit the scope of the project** to addressing the objectives outlined in paragraph 12.

**Joint deliberations**

14. Further to the IASB’s decision in November 2011 to consider making limited amendments to IFRS 9, in January 2012, the IASB and the FASB decided to jointly deliberate particular aspects of their respective classification and measurement models with the objective of reducing key differences. In making that decision, the boards took into account their long-standing objective of increasing comparability internationally in reporting financial instruments and the feedback received from their respective stakeholders. The boards also noted that the IASB had decided to consider making limited amendments to IFRS 9 and the FASB was nearing the completion of the deliberations of its tentative classification and measurement model for financial instruments so it had a near final tentative model as the basis for discussion.

15. At the same time the boards were mindful of the fact that their starting points in joint deliberations were different. That is, the IASB was considering **limited** amendments to the **existing** classification and measurement requirements in IFRS 9 whereas the
FASB was developing a comprehensive new model for classification and measurement of financial instruments. Accordingly, consistent with the boards’ objective of reducing key differences, the boards established the scope of the joint deliberations and agreed to jointly discuss each issue within the scope of the joint deliberations and to consider what changes, if any, they would propose to make to their separate models and incorporate in their respective exposure drafts. The boards also acknowledged that some of the further interrelated topics may need to be discussed jointly while others may need to be discussed separately.

16. Agenda Paper 6A for this month’s meeting provides further background on the joint deliberations and an update on the tentative decisions made by the FASB on its tentative classification and measurement model for financial instruments subsequent to joint redeliberations.

Proposed limited amendments to IFRS 9

17. The following paragraphs outline the key changes proposed in the C&M Limited Amendments project to the classification and measurement requirements in IFRS 9 for financial assets.

18. **The contractual cash flow characteristics assessment**—IFRS 9 requires that, subject to the business model assessment, a financial asset is eligible for a measurement category other than at fair value through profit or loss if its contractual cash flows solely represent payments of principal and interest (‘solely P&I’). Since the publication of IFRS 9, the IASB has received questions about application of that principle to particular instruments.

19. Accordingly, the exposure draft ED/2012/4 *Classification and Measurement: Limited Amendments to IFRS 9* (Proposed amendments to IFRS 9 (2010)) (‘the Limited Amendments ED’) issued in November 2012 proposed amendments to the application guidance in IFRS 9 to clarify how the principle should be applied. Nearly all respondents welcomed the proposed clarifications and stated that the proposals resulted in more appropriate classification outcomes. However many respondents raised additional application questions. The IASB has considered that feedback in redeliberating the proposals and tentatively decided to provide additional
clarifications and application guidance in response to the feedback received on the proposals.

20. **The introduction of the mandatory fair value through other comprehensive income (FVOCI) measurement category**—IFRS 9 currently requires that all financial assets are classified at either amortised cost or FVPL on the basis of the business model within which they are held and their contractual cash flow characteristics.

21. However, since the publication of IFRS 9:

   (a) Some constituents expressed a view that the two-category classification model in IFRS 9 would not allow them to properly reflect their business models for groups of assets that they hold to both collect contractual cash flows or to sell.

   (b) Insurers raised concerns about the potential accounting mismatch that may arise due to the interaction between the IFRS 9 model and the accounting for insurance liabilities under the tentative model developed in the Insurance Contracts project.

   (c) The FASB developed a tentative model that included three measurement categories (including a FVOCI measurement category) for financial assets.

22. Accordingly, the Limited Amendments ED proposed the introduction of a third mandatory measurement category for financial assets—FVOCI. Classification into the FVOCI category would be consistent with the existing classification principles in IFRS 9; that is, it is based on the business model assessment and the contractual cash flow characteristics assessment. Specifically, financial assets would be measured at FVOCI if they:

   (a) are held within a business model in which financial assets are managed both in order to collect contractual cash flows and for sale; and

   (b) have contractual cash flows that are solely P&I.

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1 IFRS 9 permits an entity to make an irrevocable election at initial recognition to present fair value gains and losses on an investment in an equity instrument in other comprehensive income (OCI). No changes were proposed to that option.
23. Mechanically, the proposed FVOCI category would present amortised cost information in profit or loss and fair value information on the statement of financial position. (In achieving this it was proposed that the impairment model that would apply to financial assets measured at amortised cost would also apply to financial assets mandatorily measured at FVOCI).

24. The introduction of the FVOCI measurement category was the most significant of the changes proposed to IFRS 9 and therefore, in addition to seeking feedback through the comment letter process, the IASB members and staff performed targeted outreach on this proposal, including a survey of users of financial statements (refer to paragraphs 44-46). The majority of interested parties, including users of financial statements, supported measuring some financial assets at FVOCI. Accordingly, the IASB tentatively decided to re-affirm the introduction of the mandatory FVOCI measurement category into IFRS 9 as proposed by the Limited Amendments ED.

25. **Other proposals**—The Limited Amendments ED also contained a number of interrelated proposals. Those included proposals to extend the fair value option and reclassification requirements in IFRS 9 to financial assets in the proposed FVOCI category; to clarify particular aspects of the existing guidance in IFRS 9 related to the business model assessment; and presentation and disclosure and transition proposals. The IASB has considered the feedback received on the Limited Amendments ED in redeliberating those proposals.

**Due process steps**

26. This section discusses the mandatory and non-mandatory steps undertaken in the course of the C&M Limited Amendments project.

27. This section should be considered in conjunction with Appendix A that provides a detailed account of the due process steps performed in the course of finalising the C&M Limited Amendments project.

**Mandatory steps**

*Debating proposals in public meetings*
28. The IASB has held public meetings on the C&M Limited Amendments project from November 2011 to February 2014. Agenda papers for these meetings have been posted on the IFRS Foundation website prior to meeting dates. All tentative decisions have been made in those public meetings, and summaries of the tentative decisions made were posted on the IFRS Foundation website after each meeting.

29. The IASB exposed the Limited Amendments ED for comment in November 2012. The Limited Amendments ED was open for comment for 120 days with the comment period ending on 28 March 2013.

30. The IASB set a 120-day comment period for the Limited Amendments ED in September 2012, when the staff asked the IASB for permission to proceed with drafting and balloting the proposal. In making that decision, the IASB considered the limited nature of the proposed amendments to IFRS 9 and therefore concluded that additional time (ie in excess of the normal 120-day period that is set out in the Due Process Handbook) was not necessary.

31. As discussed in paragraph 15, the FASB issued a separate exposure draft— the proposed Accounting Standards Update Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (‘FASB’s proposed ASU’)—in February 2013 with the comment period ending on 15 May 2013. The FASB’s proposed ASU reflected the fact that the FASB had a different starting point compared to the IASB—that is, the FASB was exposing for public comment a comprehensive new C&M model for financial instruments whereas the IASB exposed limited amendments to the existing C&M requirements in IFRS 9. The key aspects of the boards’ respective models were largely aligned.

32. The comment periods on the boards’ respective exposure draft overlapped, which gave an opportunity to interested parties to consider both proposals before finalising their comment letters.

33. The IASB received a total of 172 comment letters on the Limited Amendments ED. The initial feedback summary was presented to the IASB and the FASB at the May
2013 joint public meeting and reflected the 163 comment letters that were received in time for the posting of that paper and the feedback received through outreach activities. Any additional points raised in comment letters received after that date or subsequent outreach activities were considered and incorporated in subsequent agenda papers. All comment letters have been posted on the C&M Limited Amendments project page of the IFRS Foundation website.

34. At the joint June 2013 public meeting, the staff presented to the IASB and the FASB a summary of the IASB user outreach activities, including the survey for users of financial statements, (discussed in paragraphs 44-46) and a summary of the feedback received by the FASB through the comment letter process and outreach activities. The boards observed that there were differences in the feedback received from their respective stakeholders’ groups (this is discussed in greater detail in Agenda Paper 6A for this month’s meeting).

35. At joint public meetings in September 2013 through November 2013, the boards discussed the key aspects of the C&M models. Most of the decisions made at those meetings were agreed jointly. However, during those joint discussions, the FASB noted that it would consider at a future meeting whether it would like to confirm particular aspects of the C&M model that boards had been jointly discussing or pursue another model. At this month’s meeting the staff will present to the IASB an update on the FASB’s recent decisions made subsequent to joint redeliberations (refer to Agenda Paper 6A).

36. In redeliberating the proposals, the IASB was mindful of its objective for the Limited Amendments ED to improve the interaction between the C&M model for financial assets and the accounting for insurance contracts liabilities under the tentative model developed in the Insurance Contracts project. Accordingly, in January 2013, the IASB discussed that interaction (refer to Agenda Paper 6A for the January 2014 meeting) and noted that the proposals in the Limited Amendments ED—that were re-affirmed in redeliberations—are relevant to many entities that hold insurance contracts and result in an improved interaction with the accounting for insurance contracts liabilities under the exposure draft ED/2013/7 Insurance Contracts (the ‘2013 Insurance Contracts ED’). The IASB noted that the C&M Limited
Amendments project provided a 'toolkit' that the IASB can consider when finalising the accounting model for insurance contracts liabilities. The IASB also noted that it will consider the feedback related to the accounting model for insurance contracts liabilities, and whether that model should be modified to reflect the interaction with the C&M model for financial assets, when redeliberating the 2013 Insurance Contracts ED.

**Considering whether the proposals should be exposed again**

37. At this meeting, the staff will ask the IASB whether the proposals should be exposed again. The staff discussion on this topic is presented in paragraphs 52-54 of this Agenda Paper.

**Reporting to the IFRS Foundation bodies**

38. The updates on the project have been reported to the Advisory Council as part of the reports on the technical work programme. In addition, at the February 2013 Advisory Council meeting the staff presented an overview of the proposals in the Limited Amendments ED and at the June 2013 Advisory Council meeting the staff presented a summary of the feedback received on the proposals. At those meetings, the Advisory Council had the opportunity to ask questions and provide commentary about the project.

39. The Trustees and the Due Process Oversight Committee have also been regularly updated at their meetings on the status and progress of the project as part of the reports on the technical work programme.

**Non-mandatory steps**

40. Non-mandatory steps are generally undertaken in order to:

(a) raise awareness of the proposals,

(b) make sure that the proposals are clear and complete, and

(c) improve the IASB’s understanding of issues raised by the proposals, observe if any unintended consequences have been identified and identify whether the proposals can be applied in a way that effectively
communicates to users of financial statements the economic substance of events and transactions.

Work with consultative groups or other types of specialist advisory groups

41. In 2004, the IASB created a Financial Instruments Working Group (FIWG) to consider issues related to financial instruments projects. In the course of the project to replace IAS 39, members of the IASB and the staff held public meetings with the FIWG to consult on the cornerstone matters in developing the new accounting models for financial instruments.

42. The IASB did not discuss the proposed amendments to the classification and measurement model in IFRS 9 with the FIWG given the limited scope of the proposals. However, the IASB members and the staff consulted other appropriate consultative and specialist advisory groups, such as the Capital Markets Advisory Group, the Global Preparers Forum, the Corporate Reporting Users Forum as well as various industry groups in order to enhance the IASB’s understanding of the effects of the proposals. Those activities formed part of the outreach efforts in the course of the C&M Limited Amendments project and are discussed in paragraphs 44-46 of this paper.

Public hearings

43. Public hearings are undertaken to raise awareness and exchange views on the proposals. Public hearings undertaken by the IASB in the course of the C&M Limited Amendments project are summarised below:

(a) Presentations at events and conferences—IASB members and staff have presented updates on the project at a number of events and conferences, including IFRS conferences, conferences hosted by The Institute of Chartered Accountants of England and Wales (ICAEW) and large accounting firms.

(b) Discussion forums and outreach—Outreach activities undertaken by the IASB members and staff are discussed in paragraphs 44-46 of this paper.

(c) Communication—The staff have made use of the IFRS Foundation website to regularly update interested parties on the status of the project, including:
(i) Project coverage—Posting agenda papers and webcasts and recordings of the IASB and other public meetings, IASB Updates, the Limited Amendments ED and accompanying material such as a summary snapshot, comment letters and relevant investor resources such as an article written by an IASB board member on the proposed amendments.

(ii) Webcasts and podcasts—Upon the publication of the Limited Amendments ED, the staff conducted two webcasts to communicate the proposals to as many interested parties as possible and answered questions during those webcasts. In addition, the staff subsequently recorded a podcast to address frequently asked questions on the proposals. The recordings of the webcasts, including the questions and answers sessions, and the recording of the FAQ podcast are available on the C&M Limited Amendments project page of the IFRS Foundation website.

(iii) Email alerts—Interested parties have received updates on major project news through subscriber email alerts. Over 23,000 interested parties are registered for email alerts on the project to replace IAS 39, including the C&M Limited Amendments project.

Fieldwork and outreach activities

44. Throughout the C&M Limited Amendments project, the IASB members and staff have performed a significant amount of outreach and consultation with a broad range of interested parties from various jurisdictions in order to understand concerns and implications of the proposals and to inform interested parties of the project’s progression. Overall, the IASB members and the staff have conducted more than 75 formal outreach meetings.

45. In conducting the outreach:

(a) The IASB made particular efforts to get feedback on the proposed introduction of the FVOCI measurement category, notably from users of financial statements, including whether that category would:
(i) Provide information that is relevant and useful in assessing the uncertainty, timing and amount of the entity’s cash flows from financial assets; and

(ii) Result in an improved interaction between the classification and measurement of financial assets and the accounting for insurance contracts liabilities under the 2013 Insurance Contracts ED and improved reporting of insurers’ performance.

(b) The IASB was mindful that the banking and insurance industries would be particularly affected by the proposals and therefore performed additional outreach with those industries. Some outreach meetings with the insurance industry representatives—and insurance analysts—have been conducted jointly with the IASB’s Insurance Contracts project team members, including outreach in order to understand the combined effect of the proposals in the Limited Amendments ED and the 2013 Insurance Contracts ED.

(c) The IASB remained committed to its objective of increasing comparability internationally in accounting for financial instruments and conducted a significant number of outreach meetings jointly with the FASB, including joint outreach meetings on the FASB’s proposed ASU. As noted in paragraph 34, the feedback received from the FASB’s stakeholders was different in some important respects from the feedback received from the IASB’s stakeholders.

46. Specifically, outreach efforts included:

(a) Individual users and user groups from various jurisdictions—including the Capital Markets Advisory Group, the Corporate Reporting Users Forum, the Users’ Advisory Committee and representatives of the CFA Institute. Meeting papers and recordings of the discussions with the Capital Markets Advisory Group are available on the IFRS Foundation website. Overall, the IASB members and staff have conducted over 25 outreach meetings with users of financial statements.
An online survey for users of financial statements. Over 40 users from various backgrounds and jurisdictions participated in the online survey.

Individual preparers, preparer groups and industry groups from various jurisdictions, including the Global Preparers Forum, the International Banking Federation, the European Banking Federation, the International Swaps and Derivatives Association, the CFO Forum, Insurance Europe, the American Council of Life Insurers, Business Europe. Meeting papers and recordings of the discussions with the Global Preparers Forum are available on the IFRS Foundation website.


Accounting firms.

**Effective date of IFRS 9 and next steps**

**IASB sets an effective date for the standard**

47. The effective date of the completed version of IFRS 9, which will incorporate the limited amendments, is being discussed at this month’s meeting (refer to Agenda Paper 5A).

**Analysis of likely effects of the forthcoming IFRS**

48. The IASB is committed to assessing and sharing knowledge about the likely costs of implementing proposed new requirements and the likely on-going associated costs and benefits of each new IFRS—the costs and benefits are collectively referred to as ‘effects’. The IASB gains insight on the likely effects of the proposals for new or revised IFRSs through its formal exposure of proposals and through its fieldwork, analysis and consultations with relevant parties through outreach activities.

49. The analysis of the effects of the Limited Amendments ED was included in its Basis for Conclusions. The Basis for Conclusions set out what issues the IASB sought to address, how it addressed them and the expected effect of the amendments. The effects analysis will be updated in the final version of IFRS 9 to reflect the feedback.
received in the outreach and comments letters and the decisions made by the IASB in redeliberating the proposals in light of that feedback.

Considerations for the post-implementation review

50. IFRS 9, incorporating the limited amendments, if finalised, will be subject to a two-phase post-implementation review as required by IFRS Foundation due process. This is generally performed after the new requirements have been applied internationally for two years—normally 30 to 36 months after the effective date. The first phase involves identifying and assessing the matters to be examined. The second phase is an analysis of comments and feedback received through the public consultation and other outreach activities. This is followed by the IASB presenting its findings and plans for further steps, if any, to be taken.

Sufficient compliance with the required due process steps

51. The staff think that the IASB has undertaken sufficient steps for the IASB to be in a position to finalise the limited amendments to IFRS 9. The IASB has undertaken all of the activities identified as being ‘required’ and many of the additional non-mandatory activities set out in the Due Process Handbook. These steps have been completed leading up to the publication of the Limited Amendments ED, but also, importantly, in the finalisation of the amendments.

Re-exposure, permission to ballot and dissents

52. The staff do not think that the revisions to the proposed limited amendments to IFRS 9 that the IASB made during redeliberations include any fundamental changes to what was proposed. Rather, the staff think that the revisions to the Limited Amendments ED largely confirm and clarify the proposals in response to the feedback received. Accordingly, the staff do not think that there are any substantive changes to IFRS 9 on which respondents have not had the opportunity to comment and hence it is unlikely that re-exposure will reveal any new concerns. The staff recommend that the IASB do not re-expose the proposed limited amendments to IFRS 9 for a further round of public comment.
53. Except for sweep issues which may arise during the drafting stages of the balloting process, the IASB has now completed redeliberations and all mandatory due process steps required thus far. If the IASB agrees that it has met the due process requirements, the staff think that the IASB is ready to prepare the limited amendments for balloting.

54. At this time, the staff would also like to note that the decisions on most issues discussed by the IASB were tentatively approved by a majority of the IASB. However, any IASB members who intend to dissent to the limited amendments to IFRS 9 are required to make that intention known at this time.

Questions for the IASB

1) **Due process**: Does the IASB agree with the staff conclusion that the due process requirements have been met?

2) **Re-exposure**: Does the IASB agree with the staff recommendation not to re-expose the limited amendments to IFRS 9?

3) **Permission to ballot**: Is the IASB satisfied that it has undertaken sufficient consultation and analysis to be able to begin the balloting process for the limited amendments to IFRS 9?

4) **Dissents**: Do any members of the IASB propose to dissent from the publication of the limited amendments to IFRS 9?
## Appendix A: Finalisation of the limited amendments to IFRS 9

This appendix shows how the IASB has complied with the due process steps required to finalise the limited amendments to IFRS 9.

<table>
<thead>
<tr>
<th>Step</th>
<th>Required/Optional</th>
<th>Metrics or evidence</th>
<th>Evidence provided to DPOC</th>
<th>Actions</th>
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<tr>
<td><strong>Consideration of information gathered during consultation</strong></td>
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<tr>
<td>The IASB posts all of the comment letters that are received in relation to the ED on the project pages.</td>
<td>Required if request issued</td>
<td>Letters posted on the project pages.</td>
<td>The IASB has reported on progress as part of its quarterly report at Trustee meetings, including summary statistics of respondents.</td>
<td>Comment letters for the Limited Amendments ED have been posted on the project page of the IFRS Foundation website. A comment letter summary on the Limited Amendments ED was presented to the IASB and the FASB at the joint May 2013 meeting and is available on the project page of the IFRS Foundation website.</td>
</tr>
<tr>
<td><strong>Round-tables between external participants and members of the IASB.</strong></td>
<td>Optional</td>
<td>Extent of meetings held.</td>
<td>The DPOC has received a report of outreach activities.</td>
<td>No formal round-table meetings were hosted by the IASB due to the narrow scope of the proposed amendments. However input and responses were solicited through extensive outreach activities, including roundtables hosted by other parties. The outreach activities included discussions with industries groups, user representative forums, regulators, standard-setters and auditors.</td>
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</table>
| IASB meetings are held in public, with papers being available for observers. All decisions are made in public sessions. | Required | Meetings held. | The IASB and the DPOC have discussed progress on major projects, in relation to the due process being conducted. | IASB Meetings  
The IASB has held public meetings on the limited amendments to IFRS 9 from November 2011 to February 2014. Meetings on the key aspects of the model were conducted jointly with the FASB. |

- Project page  
  A project page has been in place over the course of the project. The project page contains a full description of the project objectives and history and contains agenda papers and regular board meeting webcasts of public discussions. The project page is current and features comprehensive project links and information. The DPOC has been regularly updated on the status of the project, most recently at its meeting in January 2014.
### Step 1: Analysis of likely effects of the forthcoming Standard or major amendment, for example, costs or on-going associated costs.

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<th>Required/Optional</th>
<th>Metrics or evidence</th>
<th>Evidence provided to DPOC</th>
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<tr>
<td>Required</td>
<td>Publication of the Effect Analysis.</td>
<td>The IASB and the DPOC have reviewed the results of the Effect Analysis and how it has considered such findings in the proposed Standard. The IASB provides a copy of the Effect Analysis to the DPOC at the point of the Standard’s publication.</td>
<td>An analysis of the effects of the Limited Amendments ED was included in its Basis for Conclusions. After the publication of the Limited Amendments ED, the IASB members and staff have met with a number of interested parties, including industry groups, user groups and advisory bodies to further understand the effect of the proposals. An analysis of the likely effects of limited amendments will be included with the completed version of IFRS 9. The IASB will review this effect analysis as part of the balloting process.</td>
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### Step 2: Email alerts are issued to registered recipients.

| Optional | Evidence that alerts have occurred. | The DPOC has received a report of outreach activities. | Interested parties have been notified when key updates to the C&M Limited Amendments project page have been made using the News section of the project page and subscriber email alerts. As of January 2014 there were over 23,000 interested parties registered for financial instruments email alerts. The staff have conducted two webcasts and a podcast on the C&M Limited Amendments project. The recordings are available on the project page of the IFRS Foundation website. |

### Step 3: Outreach meetings to promote debate and hear views on proposals that are published for public comment.

| Optional | Extent of meetings held, including efforts aimed at investors. | The DPOC has received a report of outreach activities. | The IASB members and staff have conducted a significant amount of outreach and consultations with interested parties. These efforts included:  
- appearing at many public events to exchange views with stakeholders  
- holding a large number of meetings with individuals and groups of preparers, users, auditors, regulators and others in order to test proposals and to understand concerns raised by interested parties  
- maintaining a regular and active dialogue with regulators, standard setters and industry representative groups  
- obtaining the views of users of financial statements, including insurance analysts, through both targeted |

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Financial Instruments: Classification and Measurement | Due process summary for the limited amendments to the classification and measurement requirements in IFRS 9

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Due process summary for the limited amendments to the classification and measurement requirements in IFRS 9

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<tr>
<th>Step</th>
<th>Required/Optional</th>
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<th>Evidence provided to DPOC</th>
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<td>meetings on particular topics as well as an online survey.</td>
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<td></td>
<td>Interested parties across all major geographical regions of the world and various backgrounds have been consulted in the process. A number of outreach events were undertaken jointly with the FASB. Overall, the IASB members and staff conducted more than 75 outreach meetings. In addition, more than 40 users participated in an online survey for users of financial statements.</td>
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<tr>
<td></td>
<td>Optional</td>
<td>Extent of meetings held.</td>
<td>The DPOC has received a report of outreach activities.</td>
<td>The C&amp;M Limited Amendments project has been discussed with Accounting Standards Advisory Forum (‘ASAF’) as part of the report on the technical programme. The project was also discussed by the representatives of the IASB at the joint EFRAG Financial Instruments and Insurance working groups meeting in January 2013. The DPOC has been regularly updated on the status of the project, most recently at its meeting in January 2014.</td>
</tr>
<tr>
<td>Finalisation</td>
<td></td>
<td>Summary of all due process steps have been discussed by the IASB before a Standard is issued.</td>
<td>The DPOC has received a summary report of the due process steps that have been followed before the Standard is issued</td>
<td>This Agenda Paper discusses the C&amp;M Limited Amendments project’s compliance with due process, and is to be discussed by the IASB at the February 2014 meeting. This paper is being made available to the DPOC before the February 2014 IASB meeting. The DPOC will undertake a life-cycle review of the project at its meeting in April 2014.</td>
</tr>
<tr>
<td>Due process steps are reviewed by the IASB.</td>
<td>Required</td>
<td>An analysis of the need to re-expose is considered at a public IASB meeting, using the agreed criteria.</td>
<td>The IASB has discussed its thinking on the issue of re-exposure with the DPOC.</td>
<td>Paragraph 52 of this paper considers the need for re-exposure of the limited amendments. The staff think that there were only relatively minor revisions made to the Limited Amendments ED in redeliberations and those revisions were made to respond to the feedback received and thus that it is unlikely that re-exposure will reveal any new concerns. The staff recommend that the IASB does not re-expose the limited amendments.</td>
</tr>
<tr>
<td>Need for re-exposure of a Standard is considered.</td>
<td>Required</td>
<td>Effective date set, with full consideration of the implementation challenges.</td>
<td>The IASB has discussed any proposed shortening of the period for effective application with the DPOC.</td>
<td>Agenda paper 5A for this month’s meeting considers the effective date of IFRS 9 as a whole.</td>
</tr>
<tr>
<td>Step</td>
<td>Required/Optional</td>
<td>Metrics or Evidence</td>
<td>Evidence provided to DPOC</td>
<td>Actions</td>
</tr>
<tr>
<td>------</td>
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</tr>
<tr>
<td>Drafting</td>
<td></td>
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</tr>
<tr>
<td>Drafting quality assurance steps are adequate.</td>
<td>Required</td>
<td>The Translations team has been included in the review process.</td>
<td>The DPOC has received a summary report of the due process steps that have been followed before a Standard is issued.</td>
<td>The IFRS Foundation translations staff will be consulted as part of the balloting process to take into account the need for language in the proposed document that is translatable into other languages.</td>
</tr>
<tr>
<td>Drafting quality assurance steps are adequate.</td>
<td>Required</td>
<td>The XBRL team has been included in the review process.</td>
<td>The DPOC has received a summary report of the due process steps that have been followed before a Standard is issued.</td>
<td>The IFRS Foundation XBRL staff will be consulted as part of the balloting process to take into account the need for language in the proposed document that is translatable into the IFRS XBRL Taxonomy.</td>
</tr>
<tr>
<td>Drafting quality assurance steps are adequate.</td>
<td>Optional</td>
<td>The Editorial team has been included in the review process. In addition, external reviewers used to review drafts for editorial review and the comments collected have been considered by the IASB.</td>
<td>The DPOC has received a summary report of the due process steps that have been followed before an ED is issued, including the extent to which external reviewers have been used in the drafting process.</td>
<td>The staff have begun discussions with editorial team about the timing of their review. The staff will be liaising with the editorial team and provide drafts for them to review in the finalisation of the limited amendments to IFRS 9. The staff intend to send a draft of the limited amendments to IFRS 9 to external parties for fatal flaw review before finalisation. This process allows external parties to review and report back to the staff on the clarity and understandability of the draft, mainly with editorial comments. The fatal flaw review process does not grant external parties the opportunity to question the IASB’s technical decisions.</td>
</tr>
<tr>
<td>Drafting quality assurance steps are adequate.</td>
<td>Optional</td>
<td>Draft for editorial review has been made available to members of the IFASS and the comments have been collected and considered by the IASB.</td>
<td>The DPOC has received a summary report of the due process steps that have been followed before a Standard is issued.</td>
<td>The staff will make a draft of the limited amendments to IFRS 9 available on an internal site accessible by national standard-setters.</td>
</tr>
<tr>
<td>Drafting quality</td>
<td>Optional</td>
<td>Draft for</td>
<td>The DPOC has</td>
<td>The staff does not intend to publish a draft</td>
</tr>
</tbody>
</table>
**Financial Instruments: Classification and Measurement | Due process summary for the limited amendments to the classification and measurement requirements in IFRS 9**

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<table>
<thead>
<tr>
<th>Step</th>
<th>Required/Optional</th>
<th>Metrics or Evidence</th>
<th>Evidence provided to DPOC</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assurance steps are adequate.</td>
<td></td>
<td>editorial review has been posted on the project website.</td>
<td>received a summary report of the due process steps that have been followed before a Standard is issued.</td>
<td>of the limited amendments to IFRS 9 on the project website. However the staff intend to send a draft of the limited amendments to IFRS 9 to external parties for fatal flaw review before finalisation. This process allows external parties to review and report back to the staff on the clarity and understandability of the draft, mainly with editorial comments. The fatal flaw review process does not grant external parties the opportunity to question the IASB’s technical decisions.</td>
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</tbody>
</table>

| Publication | | | | |
| Press release to announce final Standard. | Required | Press release has been announced in a timely fashion. Media coverage of the release. | The DPOC has received a copy of the press release and a summary of the media coverage. | To be completed in due course. |
| A Feedback Statement is provided, which provides high level executive summaries of the Standard and explains how the IASB has responded to the comments received. | Required | Publication of the Feedback Statement. | The IASB has provided a copy of the Feedback Statement to the DPOC at the point of the Standard’s publication. | To be completed in due course. |
| Podcast to provide interested parties with high level updates or other useful information about the Standard. | Optional | Number of podcasts held. | The DPOC has received a report of outreach activities. | To be completed in due course. |
| Standard is published. | Required | Official release. | The DPOC has been informed of the release. | To be completed in due course. |