

STAFF PAPER

12–13 March 2013

IFRS Interpretations Committee Meeting

Project	IFRS 2 <i>Share-based Payment</i>		
Paper topic	Cover note		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IFRS Interpretations Committee. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination. Decisions made by the IFRS Interpretations Committee are reported in IFRIC *Update*. The approval of a final Interpretation by the Board is reported in IASB *Update*.

Introduction

1. This agenda paper provides an overview of the agenda papers on the issues related to IFRS 2 *Share-based Payment* for the March 2013 meeting of the IFRS Interpretations Committee (‘the Interpretations Committee’).

Background

2. In the July 2012 meeting, the staff provided the Interpretations Committee with updates on the issues that have been referred to the IASB and have not yet been addressed, except for those addressed through the annual improvements process.
3. As a result of the discussions, the Interpretations Committee decided to revisit six issues out of the issues presented by the staff in Agenda Paper 9 for the July 2012 meeting of the Interpretations Committee. Those issues include the three issues related to IFRS 2 as follows:
 - (a) **Issue 1:** how to classify and measure share-based payment transactions for which the manner of settlement is contingent on either: (i) a future event that is outside the control of both the entity and the counterparty; or (ii) a future event that is within the control of the counterparty.
 - (b) **Issue 2:** how to classify a share-based payment transaction in which the entity withholds a specified portion of the shares that would otherwise

be issued to the counterparty upon exercise (or vesting) of the share-based payment award in order to settle the counterparty's tax obligation.

- (c) **Issue 3:** how to measure and account for a share-based payment in situations in which a cash-settled award is cancelled and is replaced by a new equity-settled award and the replacement award has a higher fair value than the original award.

4. The Interpretations Committee asked the staff to update the analysis and outreach on the issues listed above so that they can discuss, at future meetings, whether or not the Interpretations Committee should add these issues to its agenda.

Structure of the agenda papers

5. In response to the request by the Interpretations Committee above, we are providing updates on the staff analysis and outreach results for each issue listed above as follows:
 - (a) **Issue 1—in a future meeting**
 - (b) **Issue 2—Agenda Paper 5B for the March 2013 meeting**
 - (c) **Issue 3—Agenda Paper 5C for the March 2013 meeting**
6. The original submissions, summaries of the discussions in previous meetings of the Interpretations Committee, and comment letters on the tentative agenda decisions, if any, are included in the agenda papers. The reference number 5A is not used for the March 2013 meeting.