

## IFRS in Focus

# IASB proposes to defer the mandatory effective date of IFRS 9

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#### The proposal

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#### The Bottom Line

- The exposure draft proposes to defer the mandatory effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, with earlier application permitted.
- The proposal would not change the general requirement to restate comparative information but would retain the limited relief not to restate comparative information when adopting IFRS 9 for periods beginning before 1 January 2012.
- The comment period on the proposal ends on 21 October 2011.

#### The proposal

On 4 August 2011, the International Accounting Standards Board (IASB) issued for public comment an Exposure Draft ED/2011/3 Mandatory Effective Date of IFRS 9 ('the ED') proposing to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 Financial Instruments to annual periods beginning on or after 1 January 2015. Application of IFRS 9 is currently mandatory for annual periods beginning on or after 1 January 2013. The ED would continue to permit early application and the comment period on the proposal ends on 21 October 2011.

The Board is proposing to defer the mandatory effective date of IFRS 9 as a result of the recent changes in the expected timing of completion of the remaining phases of the financial instruments project. The Board intends to allow entities to apply all phases of the financial instruments project at the same time and, possibly, the standard on insurance contracts which is currently being developed.

The latest timing for completion of the remaining phases of the financial instruments and insurance projects is as follows:

Project	Next expected project milestone
<b>Financial Instruments</b>	
Impairment	Re-exposure or review draft in the second half of 2011
General Hedge Accounting	Final standard in the fourth quarter of 2011
Macro Hedge Accounting	Exposure draft in the first quarter of 2012
Asset and liability offsetting	Final standard in the fourth quarter of 2011
<b>Insurance Contracts</b>	Re-exposure or review draft in the fourth quarter of 2011 or in 2012

For more information please see the following websites:

[www.iasplus.com](http://www.iasplus.com)

[www.deloitte.com](http://www.deloitte.com)

## Observation

The transitional requirements of IFRS 9 provide limited relief relating to the presentation of comparative information for those entities that adopt the Standard for periods beginning prior to 1 January 2012. The ED does not propose extension of that relief as the Board believes that it will not be necessary because entities will now have a longer time frame to implement IFRS 9. The ED notes, however, that some constituents have requested that this relief be extended, particularly in view of the requirement to continue applying IAS 39 *Financial Instruments: Recognition and Measurement* to financial instruments that are derecognised prior to the date of initial application of IFRS 9, and thus requests views on the matter.

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