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Hans Hoogervorst
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21 December 2015

Request for Views: 2015 Agenda Consultation

Dear Mr Hoogervorst

The European Banking Authority (EBA) welcomes the opportunity to comment on the IASB's consultation paper *Request for Views: 2015 Agenda Consultation* (RfV). The EBA has a strong interest in promoting sound and high quality accounting and disclosure standards for the banking and financial industry, as well as transparent and comparable financial statements that would strengthen market discipline.

The EBA welcomes the development of the proposed 2015 Agenda of the IASB and the efforts of the IASB to ensure that the standard-setting process is more clearly based on evidence about the need for change before developing a new standard. This is in line with the previous consultation of the IASB on its 2011 Agenda on which the EBA also commented¹.

The EBA welcomes the completion of important standards since the last agenda consultation, such as IFRS 9 *Financial Instruments*. In this regard, we would support more prominence being given to the completion of the existing major projects, such as the revised standards on Insurance Contracts and Leases as well as the Conceptual Framework and to prioritise the following projects that are at the development stage: Dynamic Risk Management, Financial instruments with Characteristics of Equity and the Disclosure Initiative.

In addition, we would welcome more transparency by the IASB on the process for developing the work plan and the decisions taken on the selection of projects, timeline and resource allocation. This would help constituents to better understand the basis for the IASB's decisions and should result in a wider acceptance by the public, particularly that the IASB is addressing the questions that relate to delivering change at the right pace.

Our comments on the RfV are set out in the Annex. We have not explicitly addressed the specific questions raised in the RfV.

¹<http://www.eba.europa.eu/documents/10180/16535/2011-11-30-%28EBA-comments-on-IASB-agenda-consultation%29.pdf>

If you have any questions regarding our comments, please do not hesitate to contact us.

Yours sincerely

(signed)

Andrea Enria

Encl: Annex

Annex

IASB work plan

The EBA welcomes the completion of IFRS 9 *Financial instruments* ('IFRS 9'), which the EBA urged in its previous comment letter on the IASB Agenda and which has been long-awaited by many stakeholders, in order to improve the financial reporting for financial instruments after the financial crisis.

Considering the current resource constraints, the EBA supports assigning a higher priority to existing projects in order to complete them, as well as to projects which are of greater importance. We encourage the IASB to focus on completing the project related to Insurance Contracts and the new Standard on leases, and to continue its work on the Conceptual Framework. In particular, related to the Conceptual Framework, the IASB should also consider if there is a need to include any additional work in its work plan resulting from implications of the update of the Conceptual Framework for existing Standards.

The EBA agrees with the proposed research projects in the development stage, and although we consider all of them relevant (including the Business Combinations under Common Control and the Equity Method projects), we would suggest prioritising the following projects:

- **Dynamic Risk Management:** the EBA supports further work on this project, which is an important element of accounting for financial instruments for banks. Together with IFRS 9, it will provide a comprehensive set of accounting rules for financial instruments.
- **Financial Instruments with Characteristics of Equity:** there are ongoing application challenges and complexity related to these instruments, for example the implications for the equity-liability distinction of introducing 'economic compulsion' into the liability definition. This is important to banks as these instruments may form part of the regulatory capital a bank holds. We acknowledge that the Exposure Draft on the Conceptual Framework for Financial Reporting has limited guidance as the IASB has this project on its agenda which we urge to be addressed on a timely basis.
- **Disclosure Initiative-Principles of Disclosure:** which has been partially developed and the IASB should leverage on this work in order to complete it.

Furthermore, we support that the IASB assigns a higher priority to the projects on Provisions, Contingent Liabilities and Contingent Assets; Discount Rates; and Goodwill and Impairment that are currently at the assessment stage.

Moreover, we believe that the IASB should assign sufficient resources to ensure the consistent interpretation of IFRS, especially IFRS 9.

The EBA would also support more rigorous process, transparency and details to be disclosed on resource allocation and project selection, which should address the calls by stakeholders for the IASB to deliver changes at the right pace.

Finally, we acknowledge that the consultation process on the IASB's agenda every three years may be burdensome. However, we believe that a three-year cycle is an appropriate frequency considering that in practice the time between decisions following each agenda consultation expands to over three years, and as it allows the IASB to receive timely input on any changes that may be necessary to its agenda in order to ensure that it is relevant, as highlighted recently in the case of the feedback on the interaction on IFRS 9 and the future standard on Insurance Contracts.