



Project:	Financial Instruments with Characteristics of Equity	Meeting	AASB September 2018 (M167)
Topic:	Project Plan	Agenda Item:	5.0
Contact(s):	Shachini Dassanayake sdassanayake@asb.gov.au 03 9617 7633 Kala Kandiah kkandiah@asb.gov.au 03 9617 7626	Project Priority:	Medium
		Decision-Making:	Low
		Project Status:	Planning

Objective

- 1 To obtain Board's decision in relation to timelines proposed for making a submission to the IASB on the IASB's [Discussion Paper DP/2018/1 *Financial Instruments with Characteristics of Equity*](#).

Background

- 2 The International Accounting Standards Board (IASB) recently published Discussion Paper DP/2018/1 *Financial Instruments with Characteristics of Equity*. The DP outlines a suggested approach for entities issuing financial instruments to:
 - (a) classify them as either liabilities or equity; and
 - (b) provide investors and other financial statement users with better information about such instruments.
- 3 The AASB released its Invitation to Comment [ITC 40 *Financial Instruments with Characteristics of Equity*](#) (incorporating the IASB's DP) in early July 2018 (A copy of ITC 40 is provided for the Board's noting only in the 'Supporting Materials' folder). Submissions to the AASB are due by 26 November 2018. This will enable the AASB to consider Australian constituents' views in the process of formulating its response to the IASB. Submissions to the IASB are due by 7 January 2019.

Project outcomes and deliverables

- 4 AASB staff will be finalising two submissions to IASB on DP/2018/1 by mid December 2018 as listed below:
 - (a) AASB's submission to the IASB on DP/2018/1 incorporating the views of the Australian constituents; and
 - (b) AOSSG's submission to the IASB on the DP/2018/1 incorporating views from AOSSG member countries. AASB, as the working group leader of the AOSSG

Financial Instruments and liabilities working group, is responsible for finalising the AOSSG’s submission to the IASB

Linking to AASB Strategies

- 5 This project fits into AASB Strategy 1 and AASB Strategy 3 which are to:
- (a) develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users. For ‘publicly accountable’ entities maintain IFRS compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance; and
 - (b) Actively influence IASB , IPSASB standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationship

Project plan

6 Staff have identified the following as key milestones of the project:

Key dates	Major project milestones	Staff comment
20 August	Conduct education session for Financial Instruments project advisory panel	obtain preliminary views
24 August	Conduct education session for AOSSG financial instruments and liabilities working group	obtain preliminary views
5 September (M167)	Conduct an education session to the Board and present the project plan	obtain preliminary views and consider the project plan
7 September	AOSSG financial instruments and liabilities working group meeting	Obtain more informed views and outreach plans
20 September and Early November	Financial Instruments project advisory panel meetings	obtain comprehensive views
30 September	Conduct education session at the AOSSG interim meeting	obtain preliminary views
4 October	Present at the ASAF meeting	Present preliminary views obtained from Australian constituents and AOSSG region
10-12 October	Conduct Targeted outreach focusing on big4 firms, Banks, large corporates	Staff to conduct more targeted outreach in October
Mid October	Draft the AASB submission	Staff to draft the submission based on the feedback received and comments received so far

Key dates	Major project milestones	Staff comment
13 November (M168)	Present the draft submission to the Board	Obtain Board views and comments on draft submission
Mid November	Draft the AOSSG submission	Staff to draft the submission based on the feedback received from AOSSG member countries so far
20 November	AOSSG financial instruments and liabilities working group meetings	Discuss draft submission to IASB
21 November 2018	Present at the AOSSG annual meeting	Discuss draft submission to IASB
28 November 2018	Finalise the AOSSG submissions to IASB	Update the AOSSG submission based on feedback received and circulate to member countries for confirmation
26 November 2018	End of comment period for ITC 40	
28 November – 13 December	Finalise the AASB and AOSSG submissions to IASB	Update the AASB and AOSSG submissions based on comment letters and other feedback received
14 December 2018	Submit the AASB and AOSSG submissions to IASB	Finalise the AASB and AOSSG submissions

Key project risks

Risk	Impact	Mitigation
Project milestones not met	Medium	Detailed project plan prepared, all staff on project are made aware of key dates such as due date for submission
Not being able to obtain comprehensive and informed responses on DP from stakeholders	High	Key stakeholders to be engaged early

Questions for Board members

1. Do Board members agree with the proposed timelines in project plan set out in paragraph 6?