

Wednesday 18 December 2019

OPINIONS

EUROPEAN PARLIAMENT

P9_TA(2019)0095

Non-objection to an implementing measure: amendments to International Accounting Standard 39 and International Financing Reporting Standards 7 and 9

European Parliament decision to raise no objections to the draft Commission regulation amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard 39, International Financial Reporting Standards 7 and 9 (D064618/01 — 2019/2912(RPS))

(2021/C 255/14)

The European Parliament,

- having regard to the draft Commission regulation (D064618/01,
 - having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ⁽¹⁾, and in particular Article 3(1) thereof,
 - having regard to the Commission's letter of 7 November 2019 asking Parliament to declare that it will raise no objections to the draft Regulation,
 - having regard to the letter from the Committee on Economic and Monetary Affairs to the Chair of the Conference of Committee Chairs of 3 December 2019,
 - having regard to Article 5a of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽²⁾,
 - having regard to Rule 112(4)(d) and Rule 111(6) of its Rules of Procedure,
 - having regard to the opinion of the Committee on Economic and Monetary Affairs,
- A. whereas the International Accounting Standards Board (IASB) issued on 26 September 2019 amendments to International Financial Reporting Standard (IFRS) 9 — Financial Instruments and to International Accounting Standard (IAS) 39 — Financial Instruments; whereas those amendments aim to provide a general relief in view of the 'phase 1' Interbank offered rate (IBOR) replacement; whereas those amendments provide clarity to companies reporting according to IFRS and their auditors that the regulatory driven market-wide replacement of reference rates by improved (nearly) risk-free interest rates would not disrupt hedging relationships due to replacement uncertainty; whereas those amendments provide legal certainty in the IFRS and IAS financial reporting framework and prevent unnecessary stress in the financial system; whereas the Commission urged the IASB to speed up the issuance of those amendments in order for the Union to endorse those amendments in a timely manner;

⁽¹⁾ OJ L 243, 11.9.2002, p. 1.

⁽²⁾ OJ L 184, 17.7.1999, p. 23.

Wednesday 18 December 2019

- B. whereas the European Financial Reporting Advisory Group (EFRAG) provided the Commission with a positive endorsement advice on 16 October 2019;
 - C. whereas the Commission concluded that the interpretation meets the technical criteria for adoption as required by Article 3(2) of Regulation (EC) No 1606/2002 and maintains that those proposed amendments would avoid a discontinuation of hedging relationships as a result of uncertainties related to the IBOR transition so that financial statements according to IFRS can properly depict the impact of risk management and prevent undue volatility in profit or loss;
 - D. whereas the Accounting Regulatory Committee issued a positive opinion on those amendments on 5 November 2019;
 - E. whereas the IASB set the effective date for those amendments to IFRS 9 and to IAS 39 as of 1 January 2020 with earlier application permitted; whereas financial institutions subject to IFRS and IAS accounting cannot use for their 2019 financial statements the treatment under those proposed amendments before their endorsement and publication; whereas Union companies would be placed at a disadvantage compared to their competitors in other jurisdictions if they were not in a position to make use of the relief provided by those amendments; whereas therefore those amendments should be endorsed and published before the end of December 2019 in order to be applicable for financial periods starting on, after or before 1 January 2020;
1. Declares that it has no objections to the draft Commission regulation;
 2. Instructs its President to forward this decision to the Commission, and, for information, to the Council.
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