

## PRESS RELEASE

### ESMA prepares for new International Financial Reporting Standard 9

The European Securities and Markets Authority (ESMA) has today published a [Public Statement](#) on Issues for consideration in implementing IFRS 9: Financial Instruments (the Statement) which highlights both the need for consistent, high-quality implementation of IFRS 9 and the need for transparency on its impact to users of financial statements.

IFRS 9 replaces major parts of International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement* and contains a new impairment model based on expected credit losses (ECL). It also includes new requirements and guidance on the classification and measurement of financial assets and introduces new requirements to address the so-called 'own credit' risk issue.

The new standard is expected to have significant impacts on financial institutions and potentially non-financial entities which can benefit from the changes made to the hedge accounting requirements. Consequently, ESMA is of the view that all type of issuers need to carefully assess the impact of IFRS 9 in their particular circumstances when implementing it.

This Statement is part of ESMA's work to promote consistent application of the new International Financial Reporting Standards ('IFRS Standards'). ESMA's annual Public Statement on European Common Enforcement Priorities ([the Statement](#)) for 2016 identifies the disclosures of the impact of the new standards on IFRS financial statements, which includes IFRS 9, as a priority for ESMA and national enforcers when they examine listed companies' 2016 financial statements.

#### Next steps and other EU initiatives

The IFRS 9 effective date of application in the EU should be 1 January 2018. However, ESMA expects this Statement to be taken into account and reflected in the 2016 and 2017 annual financial statements and 2017 interim financial statements by firms, thereby enhancing the transparency and comparability of IFRS financial statements in the EU.



In parallel, the European Banking Authority has also published today a [Report](#) on results from the EBA impact assessment of IFRS 9, following its January 2016 impact assessment of the standard on a sample of approximately 50 institutions across the European Economic Area (EEA).



## Notes for editors

1. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
  - ii. completing a single rulebook for EU financial markets;
  - iii. promoting supervisory convergence; and
  - iv. directly supervising specific financial entities.
2. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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