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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,
COM(2005)

Draft

COMMISSION REGULATION (EC) No .../..

of [...]

amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 8 and Interpretation 9

(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

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 standards¹, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No 1725/2003² certain international standards and interpretations that were extant at 14 September 2002 were adopted.
- (2) On 12 January 2006, the International Financial Reporting Interpretations Committee (IFRIC) published IFRIC Interpretation 8 *Scope of IFRS 2*. IFRIC 8 clarifies that the accounting standard International Financial Reporting Standard (IFRS) 2 *Share-based Payment* applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration.

¹ OJ L 243, 11.9.2003, p. 1.

² OJ L 261, 13.10.2003, p.1. Regulation as last amended by Regulation (EC) No 108/2006 (OJ L 24, 27.01.2006, p.1.)

- (3) On 1 March 2006, IFRIC published IFRIC Interpretation 9 *Reassessment of Embedded Derivatives*. IFRIC 9 clarifies certain aspects of the treatment of embedded derivatives under IAS 39 *Financial Instruments: Recognition and Measurement*.
- (4) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that IFRIC 8 and IFRIC 9 meet the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (5) Regulation (EC) No 1725/2003 should therefore be amended accordingly.
- (6) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Regulation (EC) No 1725/2003 is amended as follows:

- (1) International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 8 *Scope of IFRS 2*, is inserted as set out in the Annex to this Regulation;
- (2) IFRIC's Interpretation 9 *Reassessment of Embedded Derivatives*, is inserted as set out in the Annex to this Regulation.

Article 2

- (1) Each company shall apply IFRIC 8 as set out in the Annex to this Regulation as from the commencement date of its 2006 financial year at the latest, except for companies with a January, February, March or April commencement date shall apply IFRIC 8 as from the commencement date of its 2007 financial year at the latest.
- (2) Each company shall apply IFRIC 9 as set out in the Annex to this Regulation as from the commencement date of its 2006 financial year at the latest, except for companies with a January, February, March, April or May commencement date shall apply IFRIC 9 as from the commencement date of its 2007 financial year at the latest.

Article 3

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [...]

For the Commission
Charlie McCREEVY
Member of the Commission

ANNEX

INTERNATIONAL FINANCIAL REPORTING STANDARDS	
IFRIC 8	IFRIC Interpretation 8 <i>Scope of IFRS 2</i>
IFRIC 9	IFRIC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>

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