

EN

EN

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,
COM(2007)

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 11

(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 2 November 2006, the International Financial Reporting Interpretations Committee (IFRIC) published IFRIC Interpretation 11 *IFRS 2 - Group and Treasury Share Transactions*. IFRIC 11 addresses how to apply International Financial Reporting Standard (IFRS) 2 Share-based Payment to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in

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 1329/2006 (OJ L 247, 9.9.2006 p. 3).

the same group (e.g. equity instruments of its parent). The Interpretation was required as, until now, there was no guidance on how share-based payment arrangements in which an entity receives goods or services as consideration for equity instruments of the entity's parent should be accounted for in the entity's financial statements.

- (3) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that IFRIC 11 meets the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (4) Regulation (EC) No 1725/2003 should therefore be amended accordingly.
- (5) 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:

International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 11 *IFRS 2 - Group and Treasury Share Transactions*, is inserted as set out in the Annex to this Regulation.

Article 2

Each company shall apply IFRIC 11 as set out in the Annex to this Regulation as from the commencement date of its 2008 financial year at the latest, except for companies with a January or February commencement date which shall apply IFRIC 11 as from the commencement date of the 2009 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 11	IFRIC Interpretation 11 <i>IFRS 2 - Group and Treasury Share Transactions</i>

"Reproduction allowed within the European Economic Area. All existing rights reserved outside the EEA, with the exception of the right to reproduce for the purposes of personal use or other fair dealing. Further information can be obtained from the IASB at www.iasb.org"