

## COMMISSION REGULATION (EU) No 574/2010

of 30 June 2010

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 Financial Reporting Standard (IFRS) 1 and IFRS 7

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

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 <sup>(1)</sup>, and in particular Article 3(1) thereof,

Whereas:

(1) By Commission Regulation (EC) No 1126/2008 <sup>(2)</sup> certain international standards and interpretations that were in existence at 15 October 2008 were adopted.

(2) On 28 January 2010, the International Accounting Standards Board (IASB) published an amendment to International Financial Reporting Standard (IFRS) 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time adopters*, hereinafter 'amendment to IFRS 1'. Realising that the relief regarding restatement of comparative disclosures in IFRS 7 concerning fair value measurements and liquidity risk if those comparative periods end before 31 December 2009 is not available to entities that apply IFRS for the first time, the aim of the amendment to IFRS 1 is to provide for an optional relief for those entities.

(3) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that the amendment to IFRS 1 meets the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002. In accordance with Commission Decision 2006/505/EC of 14 July 2006 setting up a Standards Advice Review Group to advise the Commission on the objectivity and neutrality of the European Financial Reporting Advisory Group's (EFRAG's) opinions <sup>(3)</sup>, the Standards Advice Review Group considered EFRAG's opinion on endorsement and advised the Commission that it is well-balanced and objective.

(4) The adoption of the amendment to IFRS 1 implies, by way of consequence, amendments to International Financial Reporting Standard (IFRS) 7 in order to ensure consistency between international accounting standards.

(5) Regulation (EC) No 1126/2008 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 1126/2008 is amended as follows:

1. International Financial Reporting Standard (IFRS) 1 is amended as set out in the Annex to this Regulation;

2. IFRS 7 is amended as set out in the Annex to this Regulation.

*Article 2*

Each company shall apply the amendments to IFRS 1 and IFRS 7, as set out in the Annex to this Regulation, at the latest, as from the commencement date of its first financial year starting after 30 June 2010.

*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, 30 June 2010.

For the Commission

The President

José Manuel BARROSO

<sup>(1)</sup> OJ L 243, 11.9.2002, p. 1.

<sup>(2)</sup> OJ L 320, 29.11.2008, p. 1.

<sup>(3)</sup> OJ L 199, 21.7.2006, p. 33.

## ANNEX

## INTERNATIONAL ACCOUNTING STANDARDS

IFRS 1	Amendment to IFRS 1 <i>Limited Exemption from Comparative IFRS 7 Disclosures for First-time adopters</i>
IFRS 7	Amendment to IFRS 7 <i>Financial Instruments: Disclosures</i>

**LIMITED EXEMPTION FROM COMPARATIVE IFRS 7 DISCLOSURES FOR FIRST-TIME ADOPTERS**

(Amendment to IFRS 1)

**Amendment to IFRS 1*****First-time Adoption of International Financial Reporting Standards***

Paragraph 39C is added.

## EFFECTIVE DATE

39C *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*, (Amendment to IFRS 1) issued in January 2010, added paragraph E3. An entity shall apply that amendment for annual periods beginning on or after 1 July 2010. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.

## Appendix E

**Short-term exemptions from IFRSs**

A heading, paragraph E3 and a footnote are added.

**Disclosures about financial instruments**

E3 A first-time adopter may apply the transition provisions in paragraph 44G of IFRS 7 (\*).

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(\*) Paragraph E3 was added as a consequence of *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* (Amendment to IFRS 1) issued in January 2010. To avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS preparers, the Board decided that first-time adopters should be permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with IFRSs that are included in *Improving Disclosures about Financial Instruments* (Amendments to IFRS 7).

## Appendix

**Amendment to IFRS 7*****Financial Instruments: Disclosures***

Paragraph 44G is amended (new text is underlined and deleted text is struck through) and footnoted.

## EFFECTIVE DATE AND TRANSITION

44G *Improving Disclosures about Financial Instruments* (Amendments to IFRS 7), issued in March 2009, amended paragraphs 27, 39 and B11 and added paragraphs 27A, 27B, B10A and B11A–B11F. An entity shall apply those amendments for annual periods beginning on or after 1 January 2009. An entity need not provide the disclosures required by the amendments for:

- (a) any annual or interim period, including any statement of financial position, presented within an annual comparative period ending before 31 December 2009, or
- (b) any statement of financial position as at the beginning of the earliest comparative period as at a date before 31 December 2009.

Earlier application is permitted. If an entity applies the amendments for an earlier period, it shall disclose that fact (\*).

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(\*) Paragraph 44G was amended as a consequence of *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* (Amendment to IFRS 1) issued in January 2010. The Board amended paragraph 44G to clarify its conclusions and intended transition for *Improving Disclosures about Financial Instruments* (Amendments to IFRS 7).