



International Accounting Standards Board®

# Press Release

FOR IMMEDIATE RELEASE

2 February 2006

## **IASB publishes proposed amendments on share-based payment**

The International Accounting Standards Board (IASB) today published for public comment an Exposure Draft of proposals to amend IFRS 2 *Share-based Payment*.

The proposed amendment deals with two matters. It proposes that vesting conditions should be restricted to service conditions and performance conditions. Vesting conditions are the conditions that an individual or an organisation must satisfy to receive an entity's shares under a share-based payment arrangement. The amendment also proposes that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

Introducing the Exposure Draft, Sir David Tweedie, IASB Chairman, said:

These proposals are the Board's response to concerns raised by interested parties that our standard on share-based payment does not give guidance on two quite common aspects of share-based payment arrangements. We believe that these proposed amendments will, if confirmed, fill a gap in the standard.

The IASB invites comments on the Exposure Draft by 2 June 2006.

The primary means of publishing proposed IFRSs and amendments to IFRSs is by electronic format through the IASB's subscriber Website. Subscribers are able to access the Exposure Draft published today through 'online services'. Those wishing to subscribe should contact:

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Email: [publications@iasb.org](mailto:publications@iasb.org) Web: [www.iasb.org](http://www.iasb.org)

Printed copies of the Exposure Draft Proposed Amendments to IFRS 2 Share-based Payment—*Vesting Conditions and Cancellations* (ISBN 1-905590-04-0) are available, at £10 including postage, from IASCF Publications Department.

From 13 February the text of the Exposure Draft will be available freely from the IASB's Website.

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### **Note to Editors**

#### **About the proposed amendments**

1. IFRS 2 *Share-based Payment* currently states that vesting conditions include service conditions and performance conditions. It is silent on whether other features of a share-based payment are vesting conditions. This amendment clarifies that vesting conditions are service conditions and performance conditions only.
2. Under IFRS 2, a failure to meet a condition, other than a vesting condition, is a cancellation. IFRS 2 specifies the accounting treatment of cancellations by the entity but does not give guidance on the treatment of cancellations by parties other than the entity. This amendment proposes that cancellations by parties other than the entity should be accounted for in the same way as cancellations by the entity.
3. Under IFRS 2, features of a share-based payment that are not vesting conditions should be included in the grant date fair value of the share-based payment (the fair value also includes market-related vesting conditions).
4. The proposed amendments would apply for annual periods beginning on or after 1 January 2007, with earlier application encouraged.

## **About the IASB**

The International Accounting Standards Board (IASB), based in London, began operations in 2001. Contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations fund the operations of the IASB.

The 14 Board members (12 of whom are full-time) are drawn from nine countries and have wide international experience and a variety of functional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.