

ESMA submits IFRS 9 and IAS 20 related questions to IFRS Interpretations Committee

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, submitted [questions](#) related to the accounting for the third series of the European Central Bank's (ECB) Targeted Longer-Term Refinancing Operations (TLTRO III) to the International Financial Reporting Standards Interpretations Committee (IFRS IC).

ESMA is inviting the IFRS IC to clarify the applicable requirements considering questions related to:

- accounting for the transactions according to requirements of IFRS 9 or IAS 20;
- use of discrete or “blended” effective interest rates to calculate the interest expense; and
- accounting treatment of the changes in estimates of payments due to revised assessment of meeting the eligibility criteria upon application of IFRS 9.

ESMA previously issued a [public statement](#) promoting transparency in the IFRS financial statements of banks regarding accounting for the third series of the ECB's TLTRO III. On that occasion, ESMA pointed out that, in practice, there is diversity regarding the accounting treatment of the ECB's TLTRO III refinancing transactions by banks.