

**Organismo Italiano di Contabilità – OIC  
(The Italian Standard Setter)**

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**Re: IFRS Interpretations Committee tentative agenda decisions published in the March 2022 IFRIC Update**

Dear Mr Mackenzie,

We are pleased to have the opportunity to provide our comments on the IFRS Interpretations Committee (the Committee) tentative agenda decisions included in the March 2022 IFRIC Update.

Our comments refer to the following issues:

- a. Issue 1 – Special Purpose Acquisition Companies (SPAC): Accounting for Warrant at acquisition;
- b. Issue 2 -Transfer of Insurance Coverage under a Group of Annuity Contracts.

**Issue 1 – Special Purpose Acquisition Companies (SPAC): Accounting for Warrant at acquisition**

The Committee admits that no IFRS Accounting Standard applies:

- i) to the accounting for the replacement of the SPAC warrants; and
- ii) to determine which instruments the entity issued to acquire the cash and which it issued to acquire the stock exchange listing service.

Consequently, in both cases, the Committee concludes that the entity shall develop an accounting policy applying paragraphs 10–11 of IAS 8.

In the first case the Committee states that the entity refers to, and considers the applicability of, paragraph B50 of IFRS 3 to account for the replacement of the SPAC warrant separately from the SPAC acquisition.

In the second case, the Committee states that an accounting policy that results in allocating all the warrants issued to the acquisition of the stock exchange listing service solely to avoid the warrants being classified as financial liabilities applying IAS 32 would not result in information that is relevant and reliable, as described in paragraph 10 of IAS 8.

We believe that, in both cases, the Committee is interpreting IFRS Standards using the “wrong tool”, ie using a tentative agenda decision. In our view, when an entity shall develop an accounting policy applying IAS 8, different accounting policies may result in information that is relevant and reliable as required by IAS 8. However, in these cases of the absence of an accounting standard applicable, a tentative agenda decision issued by the Committee may be read that only an accounting policy is acceptable. Therefore, we suggest the Committee either to state in the agenda decision that other accounting policies may be acceptable if they meet the requirements in paragraphs 10-11 of IAS 8, or to consider an interpretation or an amendment for widespread issues.

### ***Issue 2 - Transfer of Insurance Coverage under a Group of Annuity Contracts (IFRS 17 Insurance Contracts)***

As reported in the tentative agenda decision itself, IFRS 17 does not prescribe a method for determining the quantity of the benefits provided under a contract.

The Committee in the tentative agenda decision concludes that:

- the amount of the annuity payment the policyholder is able to validly claim (Method 1) meets the principle in paragraph B119 of IFRS 17 and
- the present value of expected future annuity payments (Method 2) does not meet the principle in paragraph B119 of IFRS 17.

Also in this case, we believe that an agenda decision is the “wrong tool”.

In our view, if the Committee decides to require a method that meets the principle in paragraph B119 of IFRS 17 for a specific contract, it should add a standard-setting project to its work plan.

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,  
Angelo Casò  
(Chairman)