

Commission Regulation (EU) 2020/2097 of 15 December 2020 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 4 (Text with EEA relevance)

COMMISSION REGULATION (EU) 2020/2097

of 15 December 2020

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 4

(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 accounting standards and interpretations that were in existence on 15 October 2008 were adopted.
- (2) On 25 June 2020, the International Accounting Standards Board published the Extension of the Temporary Exemption from Applying IFRS 9 (amendments to International Financial Reporting Standard (IFRS) 4 *Insurance Contracts*).
- (3) The amendments to IFRS 4 aim to address the temporary accounting consequences of the different effective dates of IFRS 9 *Financial Instruments* and the forthcoming IFRS 17 *Insurance Contracts*. In particular, the amendments to IFRS 4 extend the expiry date of the temporary exemption from applying IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the new IFRS 17.
- (4) Commission Regulation (EU) 2017/1988<sup>(3)</sup> set the expiry date of the optional deferral of the application of IFRS 9 for entities that predominantly undertake insurance activities, including the insurance sector of a financial conglomerate falling within the scope of Directive 2002/87/EC of the European Parliament and of the Council<sup>(4)</sup>, at 1 January 2021.
- (5) Those entities should be permitted to defer the use of IFRS 9 from 1 January 2021 until 1 January 2023.
- (6) Following consultations with the European Financial Reporting Advisory Group, the Commission concludes that the amendments to IFRS 4 meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.

---

*Status: Point in time view as at 15/12/2020.*

*Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2020/2097. (See end of Document for details)*

---

- (7) Regulation (EC) No 1126/2008 should therefore be amended accordingly.
- (8) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

*Article 1*

In the Annex to Regulation (EC) No 1126/2008, International Financial Reporting Standard (IFRS) 4 *Insurance Contracts* is amended as set out in the Annex to this Regulation.

*Article 2*

Each company and each financial conglomerate as defined in Article 2 of Regulation (EU) 2017/1988 shall apply the amendments referred to in Article 1 of this Regulation as from 1 January 2021 for financial years starting on or after 1 January 2021.

*Article 3*

This Regulation shall enter into force on the twentieth 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, 15 December 2020.

*For the Commission*

*The President*

Ursula VON DER LEYEN

## ANNEX

### Extension of the Temporary Exemption from Applying IFRS 9 Amendments to IFRS 4

#### **Amendments to IFRS 4 *Insurance Contracts***

Paragraphs 20A, 20J and 20O are amended.

#### **Temporary exemption from IFRS 9**

20A IFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. However, for an insurer that meets the criteria in paragraph 20B, this IFRS provides a temporary exemption that permits, but does not require, the insurer to apply IAS 39 *Financial Instruments: Recognition and Measurement* rather than IFRS 9 for annual periods beginning before 1 January 2023. An insurer that applies the temporary exemption from IFRS 9 shall:

(a) ...

...

20J If an entity no longer qualifies for the temporary exemption from IFRS 9 as a result of a reassessment (see paragraph 20G(a)), then the entity is permitted to continue to apply the temporary exemption from IFRS 9 only until the end of the annual period that began immediately after that reassessment. Nevertheless, the entity must apply IFRS 9 for annual periods beginning on or after 1 January 2023. For example, if an entity determines that it no longer qualifies for the temporary exemption from IFRS 9 applying paragraph 20G(a) on 31 December 2018 (the end of its annual period), then the entity is permitted to continue to apply the temporary exemption from IFRS 9 only until 31 December 2019.

...

#### **Temporary exemption from specific requirements in IAS 28**

20O Paragraphs 35–36 of IAS 28 *Investments in Associates and Joint Ventures* require an entity to apply uniform accounting policies when using the equity method. Nevertheless, for annual periods beginning before 1 January 2023, an entity is permitted, but not required, to retain the relevant accounting policies applied by the associate or joint venture as follows:

(a) ...

...

---

*Status: Point in time view as at 15/12/2020.*

*Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2020/2097. (See end of Document for details)*

---

- (1) [OJ L 243, 11.9.2002, p. 1.](#)
- (2) Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council ([OJ L 320, 29.11.2008, p. 1.](#)).
- (3) Commission Regulation (EU) 2017/1988 of 3 November 2017 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 4 ([OJ L 291, 9.11.2017, p. 72.](#)).
- (4) Directive 2002/87/EC of the European Parliament and Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council ([OJ L 35, 11.2.2003, p. 1.](#)).

**Status:**

Point in time view as at 15/12/2020.

**Changes to legislation:**

There are currently no known outstanding effects for the Commission Regulation (EU) 2020/2097.