

FOCUS

New accounting framework for initial coin offerings (ICOs) and for holding of tokens

ANC Regulation n° 2018-07 dated 10 December 2018 provides a complete accounting framework for the issuance and holding of tokens. This is the first comprehensive mandatory accounting regulation introduced by a State at this stage: it defines the accounting rules for the various operations using tokens and thus gives them a legal assurance. This principles-based accounting standard makes it possible to apply it to the numerous transactions and nature of tokens on the basis of the entities' judgment. The accounting will thus depend, for the issuer of the tokens, on the rights and obligations attached to the tokens (or their absence) and, for the purchaser/holder of tokens, on the purpose of its use. This regulation is the first component of the normative framework wanted by France to foster initial coin offerings in France: it will be completed in 2019 with legal rules by the "PACTE" law. In order to take account of these latter as well as of practice feedbacks from a sector in full evolution, ANC introduced a review clause in 2019 to update this regulation if necessary. This regulation is applicable to the reporting periods ongoing on 31 December 2018 and the following one. To consult this regulation as well as the related comments, visit ANC website [here](#).

Achievements

Regulations and positions adopted by ANC's Board during the 2nd semester

ANC Board adopted during the second semester 2018 the following regulations and positions:

- ▶ Regulation ANC n° 2018-03 of 12 October 2018 relating to the global accounts of the political parties or group of political parties;
- ▶ Regulation ANC n° 2018-04 of 12 October 2018 amending ANC regulation N° 2014-01 relating to accounting of framework for open-ended collective investment schemes;
- ▶ Regulation ANC n° 2018-05 of 5 December 2018 amending ANC regulation N° 2015-04 relating to annual accounts of social housing companies;
- ▶ Regulation ANC n° 2018-06 of 5 December 2018 about the annual accounts of private-law non-for-profit entities;
- ▶ Regulation ANC n° 2018-07 of 10 December 2018 amending ANC regulation N° 2014-03 relating to the general plan of accounts. This regulation relates to accounting rules for initial coin offering (ICO) and tokens;
- ▶ Regulation n° 2018-08 of 11 December 2018 amending ANC regulation N° 2015-11 of 26 November 2015 relating to the annual accounts of insurance undertakings;
- ▶ Comment letter on IFRS-IC tentative decisions in August 2018;
- ▶ Drafts for discussion on IFRS 17 issues to EFRAG and IASB in November 2018 and January 2019;
- ▶ Comment letter on IFRS-IC tentative decisions in September 2018 relating to IFRS 9 and IAS 39 on application of the highly probable requirement in a cash flow hedge relationship and to IFRS 11 and IFRS 16 on lease liabilities in relation to a joint operator's interest in a joint operation;
- ▶ Letter to AMF relating to the review of the « cash equivalent » criteria applicable to Money Market funds;
- ▶ Comment letter to IASB's discussion paper on relating to financial instruments with characteristics of equity.

All regulations above have been endorsed by a decree on 26 December 2018 published in the French Government Gazette (*Journal Officiel*) on 30 December 2018.



EFRAG TEG

welcomes a new member as from 1 April 2019, **Isabelle Grauer-Gaynor** as Silvia Dinova retires from EFRAG TEG.



Participations in conferences

- ▶ 7 February: Symposium at the National Assembly;
- ▶ 12 February: IMA France;
- ▶ 18 March: France Générosités



Research projects – 2019

ANC will launch its calls for research projects in early April
Answers expected by 11 June



France:

CNP:	21 February - 28 March 18 April - 16 May 20 June - 18 July
CNI:	12 February – 19 March 9 April - 14 May 18 June - 10 July
Collège:	8 February – 15 March 5 April - 10 May - 7 June 5 July

International :

-13-14 February:	EFRAG TEG
- 27 February:	EFRAG Board
- 20-21 March:	EFRAG TEG
- 28-29 March:	IFASS in Buenos Aires
- 1-2 April:	ASAF in London
- 4 April:	EFRAG Board
- 16-17 April:	EFRAG TEG
- 7 May:	EFRAG Board
- 6-7 May:	EFRAG TEG
- 22-23 May:	EFRAG TEG
- 4 June:	EFRAG Board
- 3-4 July:	EFRAG TEG
- 9 July:	EFRAG Board
- 11-12 July:	ASAF in London



Focus on Sector accounting standards


At ANC Board meeting on 8 February, it was noted that previous decisions regarding sector accounting standards had become obsolete. As from 2020, companies will only have to use the PCG ("Plan comptable général" - general plan of accounts) when preparing their financial statements.

Most of these sector accounting standards were approved between 1982 and 1984. They provided for adjustments of the 1982 PCG but have not been updated since then.

This Board decision is another step towards fulfilling the ANC's objective to make the PCG be the only standard for industrial and commercial companies. Moreover, this decision improves corporate legal security. In fact, without the required updates of these sector standards, some provisions run contrary to the current accounting regulations.

ANC does not ignore the specific needs of certain industries. Works is jointly in progress to include complementary provisions covering stocks evaluation, revenue recognition, etc.

In addition, the PCG allows for certain specific adjustments to financial statements which do not require ANC approval. They may be decided by a company or a sectoral organisation.



Focus on IASB re-opening IFRS 17 and postponing it by one year before its European endorsement

20 years after the first time application of IFRS in Europe, the set of standards has finally been completed, in May 2017, with a standard dealing with insurance contracts (in place of the previous text merely grandfathering local GAAP).

The price to pay for having a common global insurance standard will be all the more high that the new IFRS 17 standard is phrased in a complex or even inappropriate way regarding certain requirements that may prove contrary to principles nonetheless satisfactory. To some extent this has been confirmed by the unprecedented case study that EFRAG led some 60 insurance companies to perform until June 2018. As a result the EFRAG board has written last September to IASB to highlight six aspects of IFRS 17 that merit further consideration. Refraining from being both umpire and player EFRAG will not suggest improvements but invited its stakeholders to do so. In that context, at the same time as the European Insurer's Forum (CFO Forum) and the prudential regulator (EIOPA), ANC has provided an analysis of the six topics highlighted by EFRAG and has suggested standard adjustments. All that material is included in three letters sent to IASB and EFRAG and published on our website.

IASB accepted in October 2018 to re-open the standard in order to address the 25 collected issues (concurring with the 6 highlighted by EFRAG) and already postponed its first time implementation date by one year (2022). That review will soon be completed and will lead to an exposure-draft by June in order to issue an amended standard until the end of the year. The European endorsement process will deal with the ultimate amended standard, but in the meantime EFRAG is carrying forward its analysis and reviewing those it receives.

Resulting from an extensive collective work, ANC contributions at this stage (further may follow) shed a (sometime new) light on current debates. By and large, they concur with observations made in others circles in Europe and beyond, and suggest very narrow adjustments aiming at improving the intelligibility and the relevance of the standard as well as making its implementation easier. These contributions still are drafts, we wish them not only to be heard but also discussed: do not hesitate to share [any comment](#) that could enhance them!

The European endorsement process has still a long way to go. At the end of the day the amended standard should provide for a positive cost-benefit ratio *in fine*, for implementation requirements that are not unnecessarily complex and most importantly for not undermining well-known and well accepted basic funding of the efficient solidarity mechanisms that insurance provides to EU citizens.



Focus on financial and extra-financial informations : multiple initiatives

Beyond the implementation of the European directive on non-financial information, which requires for large public-interest entities to issue a non financial statement within the management report, many initiatives relating to extra-financial information still emerge at international, European or French level. Following the Symposium on accounting research last 10 December 2018, for which you will find all the supporting documents and the video in [our website](#), the Ministry of Economy and Finance, M. Bruno Le Maire, has given M. Patrick de Cambourg a specific assignment on this topic for diagnostic and recommendations in an international context. This report is expected by end of April 2019. Symposiums and conferences, such as the one organised at the *Assemblée nationale* on 7 February relating to the topic of « Accounting serving the environmental and social transition ».

At European level, the European commission has created in 2018 a dedicated technical experts group on the implementation of TCFD (Task Force on Climate's Financial Disclosures) guidelines within the guidelines of the directive. The resulting proposals are currently under consultation. In addition, a specific Lab has been created under EFRAG umbrella on the non-financial reporting. Its first working group has just been created and the discussions will relate to « climate reporting » for an assessment of the current practices.

At international level, SASB has issued standards by sectors last November, the Corporate Reporting Dialogue has also launched harmonisation works and IASB put on its agenda an update of the practice statement on Management commentary.