



International Accounting Standards Board®

Press Release

17 January 2008

IASB issues amendment to IFRS 2 *Share-based Payment*

The International Accounting Standards Board (IASB) issued today an amendment to IFRS 2 *Share-based Payment*. The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

The issues addressed in the amendment were first published in an exposure draft of proposed amendments to IFRS 2—*Vesting Conditions and Cancellations* in February 2006. In response to comments received during the consultation process the IASB decided to add to the Guidance on Implementing IFRS 2 guidance on the determination of whether a condition is a vesting condition and on the accounting treatment for conditions that are not vesting conditions.

The amendment will apply for annual periods beginning on or after 1 January 2009, with earlier application permitted.

For further information on the amendment to IFRS 2, please visit the project Website on www.iasb.org.

Vesting Conditions and Cancellations—Amendments to IFRS 2 *Share-based Payment* is available for eIFRS subscribers from today. Those wishing to subscribe to eIFRSs should visit the online shop at www.iasb.org or contact:

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Printed copies (ISBN 978-1-905590-56-8) will be available shortly, at £10.00 plus shipping, from the IASC Foundation Publications Department.

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About the Amendment

IFRS 2 *Share-based Payment* 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. The amendment clarifies that vesting conditions are service conditions and performance conditions only.

Under IFRS 2, a failure to meet a condition, other than a vesting condition, is treated as 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. The amendment requires cancellations by parties other than the entity to be accounted for in the same way as cancellations by the entity.

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.

About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. Its 14 members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. They are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.