# Invitation to Comment

## Call for comments on the UKEB Draft Comment Letter - Exposure Draft *Amendments to the Classification and Measurement of Financial Instruments: Proposed amendments to IFRS 9 and IFRS 7*

|  |
| --- |
| Deadline for completion of this Invitation to Comment:Midday, Monday 26 June 2023Please submit to:[UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk) |

### Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the UKEB’s Draft Comment Letter on the Exposure Draft (ED) *Amendments to the Classification and Measurement of Financial Instruments: Proposed amendments to IFRS 9 and IFRS 7* (the Amendments), published by the International Accounting Standards Board (IASB) on 21 March 2023. The IASB’s comment period ends on 19 July 2023.

### UK endorsement and adoption process

The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and therefore is the UK’s National Standard Setter for IFRS. The UKEB also leads the UK’s engagement with the IFRS Foundation (Foundation) on the development of new standards, amendments and interpretations. This letter is intended to contribute to the IASB’s due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended International Accounting Standards undertaken by the UKEB.

### Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts prepared in accordance with international accounting standards.

### How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and return it together with the ‘Your Details’ form to [UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk) by midday on Monday 26 June 2023.

**Brief responses providing views on individual questions are welcome, as well as comprehensive responses to all questions.**

### Privacy and other policies

The data collected through responses to this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and adopting IFRS for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)[[1]](#footnote-2).

The UKEB’s policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published, please provide the UKEB with an unsigned version of your submission. The UKEB prefers to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the “Your Details” document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other response document submitted; therefore, only information that you wish to be published should be submitted in such responses.

## Questions

### Electronic cash transfers

The ED requires that settlement date accounting shall apply when recognising or derecognising a financial asset or financial liability unless an entity applies paragraph B3.1.3 (regular way transactions) or uses the new proposed option for financial liabilities settled by electronic cash transfers at B3.3.8.

#### Question One

1. Do you believe the criteria at B3.3.8 to B3.3.10 could be successfully applied to the common UK electronic payment systems?

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |

If not, please explain why. What changes to the proposals you would recommend such that they could be applied to common electronic payment systems?

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question Two

2a. What benefits would these proposals provide you?

2b. What costs would be associated with these proposals? Please share any qualitative or quantitative information on the cost of implementing the proposals you may be aware of.

2c. What estimated lead time (transition period) would you require to implement these proposals?

Please include any comments you may have in response to questions 2a, 2b and 2c in the box below.

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question Three

1. In paragraph 9 of its draft comment letter, the UKEB proposes an alternative to settlement date accounting for items settled with cash using an electronic payment system. We recommend an option be given to derecognise the financial liability at the time instruction to make the payment is given. Do you agree with this alternative approach?

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |

Please explain why or why not

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question Four

1. Do you have any other comments you would like to make on the proposed amendments related to the derecognition of liabilities settled with cash using an electronic payment system? If so, please include them in the box below.

|  |
| --- |
| **Click or tap here to enter text.** |

### Classification of Financial Assets

#### Question Five

1. Do you believe the proposed requirements for contractual cashflows at B4.1.8A and B4.1.10A are sufficiently clear to be implemented without excessive diversity in practice?

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |

If not, what changes to the wording would you recommend to improve clarity?

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question Six

1. Do you agree, that for the purpose of assessing contractually specified changes in cashflows including a contingent event for an ESG-linked financial instrument (B4.1.10A), the use of consolidated, parent or other group company ESG targets should be permitted?

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |

Please explain why or why not.

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question Seven

1. Are you aware of any common financial instruments that are accounted for at amortised cost today under existing IFRS 9 requirements, which would move to fair value accounting under these proposals?

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |

If so, please explain which products and why.

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question Eight

8a) What benefits would the proposals regarding the classification of financial assets provide you?

8b) What costs would be associated with the proposals regarding the classification of financial assets? Please share any qualitative or quantitative information of the cost of implementing the proposals you may be aware of.

8c) What estimated lead time (transition period) would you require to implement the proposals regarding the classification of financial assets?

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question Nine

1. Do you have any other comments you would like to make on the proposed amendments to the Classification of Financial Assets? If so, please include them in the box below.

|  |
| --- |
| **Click or tap here to enter text.** |

### Disclosure

#### Question 10

1. Do you agree with the IASB proposals for amendments to the disclosure of investment in equity instruments designated at fair value through other comprehensive income?

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |

Please include any comments you may have in response to question 10:

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question 11

1. Do you agree with the UKEB’s draft conclusion that the proposed disclosure requirements for contractual terms that could change the timing or amount of contractual cashflows are too broad?

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |

If necessary, how would you recommend modifying these proposals?

|  |
| --- |
| **Click or tap here to enter text.** |

### Transition

#### Question 12

1. Do you agree with the UKEB’s draft recommendation that amendments relevant to the classification of ESG-linked financial instruments be made available for early adoption?

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |

Please include any comments you may have in response to question 12:

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question 13

1. Do you agree with the IASB’s transition proposals, including the proposal not to restate comparative information?

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |

Please include any comments you may have in response to question 13:

|  |
| --- |
| **Click or tap here to enter text.** |

### All

#### Question 14

14a. Have you identified any other benefits from the proposals in this ED?

14b. Are there any other comments you would like to make on costs arising from the proposals in this ED?

14c. Are there any other comments you would like to make on the estimated lead time (transition period) required to implement the proposals in this ED?

If so, please include them in the box below.

|  |
| --- |
| **Click or tap here to enter text.** |

#### Question 15

1. Are there any other comments you would like to make on the proposals in this ED? If so, please include them in the box below.

|  |
| --- |
| **Click or tap here to enter text.** |

## Thank you for completing this Invitation to Comment

### Please submit this document

### by midday on Monday 26 June 2023 to:

### [UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk)

1. These policies can be accessed from the footer in the UKEB website here: <https://www.endorsement-board.uk> [↑](#footnote-ref-2)