Invitation to Comment:

Request for Information –Post-implementation Review: IFRS 9 *Financial Instruments* Classification and Measurement

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| Deadline for completion of this Invitation to Comment:Close of business Monday 10 January 2022Please submit to:  UKEndorsementBoard@endorsement-board.uk  |

UK Endorsement Board

The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and is therefore the UK’s National Standard Setter for IFRS. The UKEB also leads the UK’s engagement with the IFRS 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.

Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the UKEB’s draft comment letter on the IASB’s [Request for Information – Post-implementation Review: IFRS 9 *Financial Instruments* Classification and Measurement](https://www.ifrs.org/content/dam/ifrs/project/pir-ifrs-9/rfi2021-2-pir-ifrs9.pdf).

Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts of UK entities that apply IFRS.

How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and then return it along with the document ‘Invitation to Comment - Your Details’ to UKEndorsementBoard@endorsement-board.uk by close of business on Monday 10 January 2022.

Alternatively, if you prefer to respond by way of a separate letter or simple email, your feedback will also be considered. Please note that such responses will also be published on the UKEB website in line with our transparency policy (see ‘Privacy and other policies’ section below).

We welcome responses providing views on individual questions as well as comprehensive responses to all questions.

Privacy and other policies

The data collected through submitting 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 endorsing 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 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 document submitted; therefore, only information that you wish to be published should be submitted in such responses.

Questions

A Request for Information – Post-implementation Review: IFRS 9 *Financial Instruments* Classification and Measurement.

The UKEB’s draft comment letter focuses on the three significant areas where the UKEB consider that improvement, and potentially standard setting activity, is required. Two areas of concern relate to the application of the contractual cash flow characteristics assessment for financial assets, while the third relates to the effective interest rate methodology.

In addition, we suggest that the accounting issue considered in the IFRS Interpretations Committee’s tentative agenda decision *Cash Received via Electronic Transfer as Settlement for a Financial Asset* should be addressed by the IASB as part of the Post-implementation Review of IFRS 9.

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| 1. Do you have any comments on the views expressed in the UKEB’s draft comment letter?
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**Response:**

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| 1. Can you provide further examples of the issues discussed in the UKEB’s draft comment letter that we may share with the IASB?
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**Response:**

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| 1. In addition to the contractual cash flow characteristics issues (question 3 in the IASB’s Request for Information[[2]](#footnote-3) - RFI) and the related issues on amortised cost and effective interest method (RFI’s question 7) addressed in the UKEB’s draft comment letter, the RFI covers a number of other topics as follows:
	* Question 1 - Overall classification and measurement requirements.
	* Question 2 - Business model for managing financial assets.
	* Question 4 - Equity instruments and other comprehensive income.
	* Question 5 - Financial liabilities and own credit.
	* Question 6 - Modifications to contractual cash flows.
	* Question 8 - Transition.
	* Question 9 - Other matters.

Results of our outreach suggest that in these areas IFRS 9 is working materially as intended. Do you have comments on this general conclusion? Please explain your views and if possible provide examples. When answering this question you may wish to consider:* Does the approach provide decision useful information for users?
* Does it allow companies to reflect the way they manage financial assets to generate cash flows?
* Is the application guidance clear, can it be applied consistently? If diversity in practice or other practical issues exist, how pervasive are they?
* Have you observed any other unintended consequences of the IFRS 9 Classification & Measurement requirements?
* Do you have any suggestions to improve the IFRS 9 Classification & Measurement requirements on significant issues impacting the UK?
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**Response:**

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B Any other comments

The UKEB welcomes any other feedback on its draft comment letter or on the IASB’s Request for Information.

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| 1. Are there any other comments on significant issues impacting the UK you would like to make on the IASB's Post Implementation Review of IFRS 9 Classification and Measurement?
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**Response:**

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**Thank you for completing this Invitation to Comment**

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

[Request for Information: Post-implementation Review of IFRS 9—Classification and Measurement](https://www.ifrs.org/content/dam/ifrs/project/pir-ifrs-9/rfi2021-2-pir-ifrs9.pdf) [↑](#footnote-ref-3)