



4 December 2012

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF CLASSIFICATION
AND MEASUREMENT: LIMITED AMENDMENTS TO IFRS 9**

Comments to be received by 28 February 2013

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>.

As stated in the IASB's press release, accompanying the Exposure Draft, the proposals form part of a wider project to reform accounting for financial instruments, and are part of the Classification and Measurement phase of that project. The IASB published new classification and measurement requirements for financial assets in 2009 and for financial liabilities in 2010. However, in January 2012 the IASB decided to consider limited amendments in order to:

- clarify a narrow range of application questions;
- reduce key differences with the US Financial Accounting Standards Board's tentative classification and measurement model to achieve increased comparability internationally in the accounting for financial instruments; and
- take into account the interaction between the classification and measurement of financial assets and the accounting for insurance contract liabilities.

In publishing the Exposure Draft, the IASB sought to minimise changes to the requirements in IFRS 9 *Financial Instruments* and the proposed amendments are consistent with the business model-driven classification structure in IFRS 9. The Exposure Draft proposes the introduction of a "fair value through other comprehensive income" (FVOCI) measurement category for debt instruments that would be based on an entity's business model.

The FRSC invites your comments on the proposals. Comments should be supported by specific reasoning and should be submitted in written form. To allow your comments to be considered, in developing its response to the IASB, the FRSC requests your comments to be received by the Institute on or before **28 February 2013**.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.