

PRESS RELEASE

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For immediate release

IASB proposes minor amendments to IFRS 9 to aid implementation

The International Accounting Standards Board (the Board) has today proposed minor amendments to the financial instruments Standard, IFRS 9, to enable companies to measure at amortised cost certain prepayable financial assets with so-called negative compensation.

The amendments respond to comments received by the IFRS Interpretations Committee and are intended to improve the usefulness of information about these financial assets that the new Standard requires.

Commenting on the proposals, Hans Hoogervorst, Chairman of the International Accounting Standards Board, said:

These proposed minor amendments to the Standard respond to comments received about the accounting for prepayment options under IFRS 9 and are consistent with the Board's enhanced focus on supporting implementation of major new Standards.

The Exposure Draft, *Prepayment Features with Negative Compensation* (Proposed amendments to IFRS 9), can be [accessed here](#). The comment deadline is 24 May 2017.

END

Notes to editors:

Further information on the proposed amendments

Many financial instrument contracts (such as mortgages or other loans) allow prepayment. If the borrower decides to prepay, the lender usually receives compensation. However, some contracts compensate either the borrower or the lender based on factors such as changes in market interest rates. Consequently, under such contracts, it is possible for the lender to pay, rather than receive, compensation even when it is the borrower who chooses to prepay – hence the term ‘negative compensation’ (also known as ‘symmetric prepayment options’).

When applying IFRS 9, only those financial instruments with ‘simple’ cash flows (that represent cash flows that are solely payments of principal and interest) are eligible to be measured at amortised cost or at fair value through other comprehensive income.

The proposed narrow-scope amendments to IFRS 9 will allow particular financial assets with negative compensation features to be measured at amortised cost or at fair value through other comprehensive income, provided specific conditions are met.

The Board recognises that there would be significant benefits if the proposed amendments are available to entities when they first apply IFRS 9. In view of this, the Board has proposed that the amendments have the same effective date as IFRS 9: annual periods beginning on or after 1 January 2018. Given the proposed effective date, the Board has set the comment period to be 30 days so that the amendment can be finalised as soon as possible.

- Further information about IFRS 9 *Financial Instruments* can be found [here](#).
- Further information about the role of the IFRS Interpretations Committee can be found [here](#).

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About the IFRS Foundation

The IFRS Foundation is an independent, not-for-profit organisation, overseen by a Monitoring Board of public authorities. Its vision of a single set of global accounting standards is supported by G20 leaders and other international organisations with responsibility for the global financial system.

The mission of the IFRS Foundation is to develop IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world, fostering trust, growth and long-term financial stability. The International Accounting Standards Board is the independent standard-setting body of the IFRS Foundation, made up of experts from diverse professional and geographical backgrounds. IFRS Standards are required by 125 countries globally.

For detailed information on the organisation's structure, the standard-setting process and the spread of IFRS Standards, visit www.ifrs.org.

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