



21 April 2021

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

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT
ED/2021/4 *Lack of Exchangeability***

Comments to be received by 30 July 2021

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Exposure Draft ED/2021/4 *Lack of Exchangeability*. The Exposure Draft is available on the Institute's website:

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

IAS 21 *The Effects of Changes in Foreign Exchange Rates* sets out the exchange rate a company uses when it reports foreign currency transactions or a foreign operation's results in a different currency. However, the Standard does not set out the exchange rate to use when there is no observable exchange rate the company can use—such as when a currency cannot be converted into a foreign currency.

The International Accounting Standards Board (IASB) proposes amendments to IAS 21 to help companies determine whether a currency can be exchanged into another currency and what accounting to apply if the currency cannot be exchanged. The proposed amendments would improve the usefulness of the information provided to investors by requiring a consistent approach to determining whether a currency is exchangeable into another currency and, when it is not, determining the exchange rate to use and the disclosures to provide.

The FRSC invites your comments on the proposal as set out in the ED by **30 July 2021** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

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

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

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