

**From:** [hkicpa\\_ia](mailto:hkicpa_ia)  
**To:** [P.T. Comment Letter](#)  
**Cc:** [Tony Chan](#); [Kay SZETO](#); [Bill Li](#)  
**Subject:** RE: Invitation to Comment on IASB Exposure Draft  
**Date:** Monday, 19 February 2024 7:26:05 pm

---

This is an external email. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Standard Setting Department of Hong Kong Institute of Certified Public Accountants,

## **Invitation to Comment on International Accounting Standards Board (IASB) Exposure Draft**

### ***Financial Instruments with Characteristics of Equity* (Proposed Amendments to IAS 32, IFRS 7 and IAS 1)**

I refer to your letter of 30 November 2023 inviting us to comment on the captioned consultation document.

The Insurance Authority (“IA”) welcomes the IASB Exposure Draft on Financial Instruments with Characteristics of Equity - Proposed amendments to IAS 32, IFRS 7 and IAS 1 (“Exposure Draft”), which clarifies some classification principles in IAS 32 to address practice matters that arise in applying the classification requirements in the Standard, as well as introduces disclosure and presentation requirements providing users of financial statements with useful information.

Having said that, we suggest the IASB to provide further guidance regarding the Exposure Draft, especially with regards to proposed amendments relating to “the effects of relevant laws or regulations” (paragraphs 15A and AG24A–AG24B of IAS 32). Under the Exposure Draft proposal, in classifying a financial instrument, a company considers only contractual rights and obligations that are enforceable by laws or regulations and are in addition to those created by relevant laws or regulations. Furthermore, for contractual right or obligation that is not solely created by laws or regulations but is in addition to a right or obligation created by relevant laws or regulations, shall be considered in its entirety in classifying the financial instrument or its component parts. It would be helpful if the application guidance can illustrate, based on provisions found in financial instruments issued by financial institutions, how to determine whether such provisions is considered “in addition to those created by applicable laws or regulations” and the application of “considered in entirety” in classifying the financial instruments.

Thank you for giving us the opportunity to comment on the consultation document.

Yours faithfully,

Tony Chan

Associate Director

Policy and Development Division

Insurance Authority

---

**From:** P.T. Comment Letter

**Sent:** Thursday, 30 November, 2023 5:10 PM

**Subject:** Invitation to Comment on IASB Exposure Draft

Dear Sir/Madam,

**Invitation to Comment on International Accounting Standards Board (IASB) Exposure Draft**

***Financial Instruments with Characteristics of Equity (Proposed Amendments to IAS 32, IFRS 7 and IAS 1)***

We are writing to seek your organization's comments on the captioned IASB Exposure Draft.

The full Exposure Draft can be accessed on the HKICPA website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/fred>

We would be grateful for your comments on the Exposure Draft by **19 February 2024**.

Thank you.

Yours faithfully,

Standard Setting Department

Hong Kong Institute of Certified Public Accountants

**CPA: *The Success Ingredient***

This email (including every file transmitted with it) is solely for the use of the intended recipient(s). The recipient(s) should delete this email once the purpose for which it is transmitted has been satisfied. If you are not the intended recipient, you must not peruse, use, disseminate, distribute or copy this email. Please notify the sender and delete this email immediately if it is misdirected to you.