

STAFF PAPER

September 2021

IASB[®] meeting

Project	Post-implementation Review of IFRS 9— Classification and Measurement	
Paper topic	Request for Information	
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Introduction

1. This paper asks the Board to:
 - (a) approve the publication of a Request for Information (RFI) for the post-implementation review of the classification and measurement requirements in IFRS 9 *Financial Instruments* (the PIR) ([Question 1](#)); and
 - (b) set a 120-day comment period for the RFI ([Question 2](#)).

Content

[Background](#)

[Publishing the RFI](#)

[Comment period for the RFI](#)

Background

2. The Board's PIR process is set out in paragraphs 6.48–6.59 of the [Due Process Handbook](#).
3. In [October 2020](#), the Board decided the start the PIR, and in [December 2020](#), the Board set the objectives for the PIR.
4. From January–July 2021, the Board conducted outreach to ask stakeholders what matters the Board should examine within the context of the objectives of the PIR.

5. In [July 2021](#), the Board considered the feedback from outreach and decided to examine further:
- (a) the business model assessment for financial assets, specifically:
 - (i) the use of judgement in applying the assessment; and
 - (ii) the reclassification of financial assets resulting from a change in business model;
 - (b) the contractual cash flow characteristics assessment for financial assets, specifically:
 - (i) applying the assessment in the light of market developments (including new product features such as financial assets with sustainability-linked features); and
 - (ii) the requirements for investments in contractually linked instruments;
 - (c) the option for equity instruments to present fair value changes in other comprehensive income, specifically:
 - (i) how widely the presentation option is used and the types of instruments for which it is used; and
 - (ii) the effect of the option on entities' investment decisions and on the usefulness of information to users of financial statements;
 - (d) the presentation in other comprehensive income of changes in fair value resulting from changes in own credit risk for financial liabilities designated at fair value through profit or loss;
 - (e) modifications to contractual cash flows, specifically:
 - (i) the differences in drafting between the requirements for modifications for financial assets and financial liabilities; and
 - (ii) determining when a modification results in derecognition; and
 - (f) the transition to IFRS 9, specifically:
 - (i) the effects of the transition reliefs provided; and

- (ii) the balance between reducing costs for preparers of financial statements and providing useful information to users of financial statements.

Publishing the RFI

6. At this meeting, the Board is asked to approve the publication of the RFI. If approved, we expect to publish the RFI in the final week of September 2021.
7. A PIR has two phases:
 - (1) initial assessment and public consultation; and
 - (2) consideration of evidence and presentation of findings.
8. The Board publishes an RFI at the end of phase 1, setting out the matters for which it is seeking feedback by means of a public consultation.
9. As explained in paragraph 6.52 of the *Due Process Handbook*, before the Board publishes the RFI, it needs to be satisfied that it has sufficient information to establish the scope of the review. For this PIR, the Board established the scope of the review at its [July 2021](#) meeting. The papers for that meeting included a description of the activities the Board and staff undertook in phase 1 in accordance with the *Due Process Handbook*, and a summary of the feedback gathered.
10. Since the July 2021 meeting, Board members have reviewed drafts of the RFI. As set out in the drafts reviewed by Board members, the RFI will seek information on the matters described in paragraph 5 of this paper, as well as:
 - (a) information on the effective interest method for financial instruments measured at amortised cost or at fair value through other comprehensive income (as suggested by the IFRS Interpretations Committee at its [June 2021](#) meeting); and
 - (b) any other information about the IFRS 9 classification and measurement requirements that is relevant to the assessments the Board makes in a PIR, namely:
 - (i) have the objectives of the standard-setting project been met;

- (ii) is the information provided by the Standard useful to users of financial statements;
- (iii) are the costs of preparing, auditing, enforcing or using the information provided by the Standard as expected; and
- (iv) can the Standard be applied consistently.

Question 1

Do you approve the publication of the RFI for the PIR of the classification and measurement requirements in IFRS 9?

Comment period for the RFI

- 11. The Board normally allows a minimum of 120 days for comment on an RFI that is part of a PIR.
- 12. While this PIR does not consider all the requirements in IFRS 9 (impairment and hedge accounting will be reviewed separately), the PIR is not narrow in scope and is not urgent. Therefore, the staff do not consider there to be a need for a shortened comment period.
- 13. Comparing the topics being examined in this PIR to past PIRs, and also considering other public consultations on the Board’s workplan at this time, the staff do not consider there to be a need for an extended comment period.
- 14. Therefore, the staff recommend the Board set a 120-day comment period for the RFI.

Question 2

Do you agree to setting a 120-day comment period for the RFI for the PIR of the classification and measurement requirements in IFRS 9?