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Topic	**Summary of feedback from comment letters**

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Purpose of this paper

1. In March 2023 the International Accounting Standards Board (IASB) published the Exposure Draft *Amendments to the Classification and Measurement of Financial Instruments* (ED). The purpose of this Agenda Paper is to provide a summary of feedback on the ED from comment letters and outreach events.

2. This paper is structured as follows:

   (a) background and proposals in the ED (paragraphs 3–5);

   (b) overview of feedback (paragraphs 6–11);

   (c) feedback on the specific questions on the ED (paragraphs 12–59);

   (d) appendix A—questions asked on the ED; and

   (e) appendix B—breakdown of comment letters.

Background and proposals in the ED

3. The IASB carried out a post-implementation review (PIR) of the classification and measurement requirements in IFRS 9 *Financial Instruments* and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The findings of the PIR are summarised in the Project Report and Feedback Statement *PIR IFRS 9 Financial Instruments—Classification and Measurement*.

4. To address the matters arising from the PIR, the ED issued in March 2023 proposed amendments to IFRS 9. In order of their proposed placement in the Standard, these amendments concern:

   (a) *derecognition of a financial liability settled through electronic transfer*—to clarify that an entity is required to apply settlement date accounting when derecognising a financial asset or a financial liability; and to permit an entity to deem a financial liability that is settled using an electronic payment system to be discharged before the settlement date if specified criteria are met.

   (b) *classification of financial assets*—to clarify the application guidance for assessing the contractual cash flow characteristics of financial assets, including:

      (i) financial assets with contractual terms that could change the timing or amount of contractual cash flows, for example, those with ESG-linked features;

      (ii) financial assets with non-recourse features; and

      (iii) financial assets that are contractually linked instruments.

5. The ED also proposed to make amendments or additions to the disclosure requirements in IFRS 7 for:

   (a) investments in equity instruments designated at fair value through other comprehensive income (OCI); and

(b) financial instruments with contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that is specific to the debtor.

Overview of feedback

6. The IASB received 107 comment letters on the ED. See Appendix B for a breakdown of comment letters received by region and stakeholder type. Most respondents commented separately on each question. Some respondents said that the IASB should prioritise finalising the proposals relating to the classification of financial assets with ESG-linked features (see paragraphs 24–31 of this paper) over other matters and that these amendments should have a different effective date from the other amendments so that entities are able to apply them independently (see paragraphs 58–59 of this paper).

7. Most respondents agreed with the proposed clarification that settlement date accounting is applied when recognising or derecognising financial assets and financial liabilities, although many respondents recommended further clarifying the requirements. Most respondents also welcomed the proposal to permit derecognition of a financial liability that is settled in cash using an electronic payment system before the settlement date when specified criteria are met, although some raised concerns about the practical application of the proposed criteria. In addition, some respondents asked for similar requirements regarding financial assets. See paragraphs 12–23 of this paper.

8. Many respondents expressed the view that the proposed clarifications of the requirements for assessing the contractual cash flow characteristics of financial assets would be useful in determining the classification of financial assets with ESG-linked features. However, some respondents expressed concerns that the proposals do not provide a sufficiently clear basis for assessing whether particular ESG-features are consistent with a basic lending arrangement and may lead to unintended

consequences for the classification of other financial assets. See paragraphs 24–33 of this paper.

9. Most respondents supported the proposed clarifications to the assessment of contractual cash flows in the case of financial assets with non-recourse features and contractually linked instruments, although many respondents commented on some aspects of the proposals. See paragraphs 34–45 of this paper.

10. Many respondents supported the proposed amendments to the disclosure requirements for equity instruments to which the OCI presentation option is applied, although some respondents reiterated their disappointment that the IASB did not reconsider the reclassification of fair value gains or losses accumulated in OCI to profit or loss when an equity instrument is disposed of. See paragraphs 46–53 of this paper.

11. Many respondents voiced strong objections against the proposed scope of disclosure requirements relating to contractual terms that could change the timing or amount of contractual cash flows based on a contingent event specific to the borrower, saying that it will place a significant cost on preparers which will outweigh any perceived benefits to investors. See paragraphs 54–57 of this paper.

Feedback on specific questions in the ED

Question 1–Derecognition of a financial liability through electronic transfer

Date of initial recognition or derecognition

12. Most respondents generally agree with the proposed clarification in paragraph B3.1.2A of the ED that settlement date accounting is applied when recognising or derecognising financial assets and financial liabilities. Some respondents specifically expressed their appreciation to the IASB for the timely response to the practical

concerns that were highlighted in response to the Interpretations Committee's (the Committee) tentative agenda decision.

13. However, many respondents recommend that some clarifications or further refinements are made to the proposed requirements to limit the risk of unintended consequences. In particular, respondents are concerned that reference to the application of *settlement date accounting* (as described in paragraph B3.1.6 of IFRS 9) may have unintended consequences and when read in combination with the general principle in paragraph 3.1.1 of IFRS 9, could lead to further diversity in practice developing. Some of the reasons provided for their views include that it is not clear how the proposed requirements:

   (a) are applied to derivatives, such as forward contracts that are recognised on the commitment date as required by paragraph B3.1.2(c) of IFRS 9;

   (b) are applied to the recognition and derecognition of financial liabilities as paragraph 3.1.6 of IFRS 9 only refers to financial assets; and

   (c) interact with the implementation guidance in section B.32 of IFRS 9 which states that there are no specific requirements about applying settlement date accounting to financial liabilities, which in their opinion means the clarification cannot reference to paragraph B3.1.6 of IFRS 9.

14. Some of these respondents recommended to instead only refer to the date on which financial assets or financial liabilities are recognised or derecognised, ie settlement date as this was the original question considered by the Committee that led to the IASB making the proposed amendments.

15. A few respondents, mainly from Asia, suggested further analysing the effect of the proposed clarification in paragraph B3.1.2A of the ED on various electronic payment systems to minimise any potential unintended consequences that could arise before finalising the amendments. They therefore propose separating the finalisation of the proposed amendments from the other proposals included in the ED.

Scope and criteria for derecognising a financial liability before the settlement date

16. Most respondents welcomed the proposal to permit derecognition of a financial liability that is settled in cash using an electronic payment system before the settlement date when specified criteria are met as a way to respond to the practical concerns raised on the Committee's tentative agenda decision. However, although these respondents agreed with the proposed requirements in principle, many asked for further clarifications or made recommendations for refining the scope and criteria of the requirements.

17. In regard to the scope, some respondents said that the proposed requirements should not be limited to the settlement of financial liabilities through electronic payment systems only, but should also include other means of payment, such as cheques.

18. Some respondents also said that similar requirements for the derecognition of financial assets are needed as this was the fact pattern originally submitted to the Committee. These respondents said that not permitting the derecognition of a trade receivable before the settlement date will lead to inconsistencies in accounting for intercompany balances. In addition, a few respondents stated that the lack of equivalent requirements for financial assets would result in changes to current practice of accounting for so-called 'cash in transit items'.

19. While most respondents agreed with the proposed criteria in paragraph B3.3.8 of the ED, some respondents stated that the proposed criteria pose too high a hurdle to overcome in practice resulting in the proposals being of little practical benefit.

20. Some of these respondents particularly noted that paragraph B3.3.8(a) of the ED does not refer to 'practical ability' whereas paragraph B3.3.8(b) of the ED does. In their view, requiring entities to have no ability to cancel, withdraw or stop a payment instruction will result in nearly no transactions meeting the proposed requirements because entities might have the legal right to cancel or withdraw an instrument

subject to incurring a significant penalty. These respondents therefore recommend the criteria to be aligned and both refer to 'practical ability'.

21. Further feedback on the proposed criteria included clarifying:

(a) whether the 'practical ability to access cash' in paragraph B3.3.8(b) of the ED includes cash drawdowns from credit facilities such as overdrafts or only

(b) 'free cash' of the entity; and

(c) what is meant by 'settlement risk' in paragraph B3.3.8(c) of the ED and the terms 'short' and 'standard administrative process' in paragraph B3.3.9.

22. Finally, some respondents suggested that, instead of allowing the proposed requirements to be applied on a system-by system basis, they should be applied on an 'all-or-nothing' basis to all electronic payment systems that meet the criteria to avoid the potential for abuse.

Other observations

23. Other comments made by respondents included:

(a) specifying that when applying the proposed requirements, the corresponding credit is to cash and that this would also extend to the presentation of cash in accordance with IAS 7 *Statement of Cash Flows*; and

(b) defining 'electronic payment system', including whether the assessment is based on the contractual rights and obligations only or also considers any statutory rights and obligations that might apply.

Question 2–Classification of financial assets—contractual terms that are consistent with a basic lending arrangement

24. Almost all respondents expressed appreciation for the IASB's intention to clarify the requirements for assessing whether the contractual cash flows of financial assets are

solely payments of principal and interest on the principal amount outstanding (SPPI), specifically in the case of financial assets with ESG-linked features. Many respondents reiterated their views shared as part of the PIR that amortised cost or fair value through other comprehensive income is an appropriate measurement basis for financial assets with ESG-linked features.

25. Although many respondents, including most preparers, said that the proposed amendments would assist with the classification of financial assets with common ESG-linked features, many respondents also identified particular aspects of the proposed clarifications that would benefit from further refinements.

ESG-linked features consistent with a basic lending arrangement

26. Some respondents are of the view that the proposals in paragraph B4.1.8A and B4.1.10A of the ED do not adequately explain why contingent events that are specific to the debtor are consistent with the concept of basic lending risks and costs as discussed in paragraph B4.1.7A of IFRS 9. Some respondents also observed that the analysis of Instrument EA in the proposed example to be added to paragraph B4.1.13 of IFRS 9 does not provide a clear basis for why those ESG-linked features are considered to be basic lending risks or costs. These respondents believe that without further clarification and explanation, it would be difficult to apply the clarified SPPI requirements consistently to more complex fact patterns.

27. With regards to the proposals in paragraph B4.1.10A of the ED that 'the occurrence (or non-occurrence) of the contingent event must be specific to the debtor', many respondents observed that this would preclude any instruments where the ESG-linked targets are set at a consolidated level or for a group entity other than the legal debtor. These respondents said that it is quite common for banks to identify ESG-linked targets for a consolidated group when making a loan to the main operating entity in a group. Some respondents also noted that it is unclear whether so-called Scope III greenhouse gas emissions, for which an entity is only indirectly responsible, can be considered 'specific to the debtor'. These respondents noted the

contractual cash flows in both cases are identical to those where the targets are for the legal debtor and asked the IASB to clarify that these instruments are still consistent with a basic lending arrangement.

Unintended consequences for the classification of other financial assets

28. Many respondents are concerned that the proposed clarifications in paragraph B4.1.10A of the ED could result in contractual terms that are currently widely considered to be consistent with a basic lending arrangement to no longer represent SPPI cash flows. Many of these respondents disagree with the statement in paragraph BC67 of the Basis for Conclusions on the ED that 'a change in contractual cash flows due to a contingent event that is specific to the creditor or another party would be inconsistent with a basic lending arrangement'. In their view, this could be interpreted to include so-called 'increased cost clauses' in which the lender reserves the right to adjust the interest rate due to changes in tax laws or regulations which increase the cost of lending.

29. Some respondents also said that it is not clear whether paragraph B4.1.10A of the ED is intended to apply to all contractual terms that change the timing or amount of contractual cash flows, or only those terms that are contingent on events that are not directly linked to basic lending risks or costs.

30. On the other hand, some respondents recommended that the IASB clarify that paragraph B4.1.10A of the ED needs to be applied in the context of the general SPPI requirements and not in isolation. A few of these respondents were concerned that if the proposed clarification was applied in isolation, it could result in some financial assets now being considered to have SPPI cash flows even though the instrument is not currently considered to be a basic lending arrangement, for example a loan with an interest rate that is linked to the debtor's sale targets.

Other comments

31. Many respondents observed that there is an apparent contradiction between the following two statements in paragraph B4.1.8A of the ED:

    (a) the assessment of interest focuses on *what* an entity is being compensated for, rather than *how much* compensation an entity receives; and

    (b) a change in contractual cash flows is inconsistent with a basic lending arrangement if it is not aligned with the direction and magnitude of the change in basic lending risks or costs.

32. Some respondents recommended removing the reference to magnitude altogether, while some others recommended using a different term such as 'proportionate' or 'commensurate with the changes in risk'.

33. Other recommendations from some respondents include:

    (a) clarifying what is meant by terms like 'contingent event', 'investment in the debtor' and 'performance of specified assets'; and

    (b) adding more complex examples, including examples of instruments with features linked to social or governance factors.

Question 3—Classification of financial assets—financial assets with non-recourse features

34. Most respondents expressed support for the proposed amendments in paragraphs B4.1.16 and B4.1.16A of the ED to enhance the description of the term 'non-recourse'. They said that the proposed amendments clarify the difference between financial assets with non-recourse features and other types of financial assets such as a collateralised loan. In addition, most respondents found the examples in paragraph B4.1.17A of the ED useful when assessing the contractual cash flow characteristics of financial assets with non-recourse features.

35. However, many of the respondents who commented on this question suggested that the IASB further clarify particular aspects of the proposals in order to promote consistent application.

36. Some respondents expressed concerns over the description of financial assets with non-recourse features in paragraph B4.1.16A of the ED and asked further clarification of the proposals, including:

    (a) whether it is the IASB's intention to narrow the scope of non-recourse features. Some respondents, mostly standard-setters and auditors, said that a financial asset, where the contractual right to receive cash flows is limited to those generated by the specified asset only in default, is currently understood to have non-recourse features;

    (b) whether a financial asset has non-recourse features only if such features are explicit in the contractual terms as opposed to being structurally implied; and

    (c) whether a guarantee provided to the creditor is deemed similar to a right to require a debtor to pledge additional assets as described in paragraph BC77 of the Basis for Conclusions on the ED.

37. A few respondents suggested the IASB include paragraphs BC75−BC77 of the Basis for Conclusions on the ED into the main text of IFRS 9 to help entities distinguish financial assets with non-recourse features from collateralised assets and determine whether a financial asset has non-recourse features.

38. Whilst almost all respondents generally supported the IASB's decision to include examples of what to consider when assessing the contractual cash flow characteristics of financial assets with non-recourse features, some suggested the IASB consider including additional guidance and/or illustrative examples on how to consider the factors in paragraph B4.1.17A of the ED, for example the legal and capital structure of the debtor.

Question 4—Classification of financial assets—contractually linked instruments

39. Most respondents welcomed the IASB's efforts to clarify the scope of instruments to which the requirements for contractually linked instruments (CLIs) are applied. Respondents said that the proposals would assist in understanding the difference between CLIs and other financial assets with non-recourse features. In addition, they noted that the clarification related to eligible financial instruments in the underlying pool was helpful.

40. However, many of the respondents who commented on this question asked further clarifications on particular aspects of proposals and/or made some suggestions to further enhance consistent application of the requirements.

Scope (B4.1.20 of the ED)

41. Almost all respondents agreed with the IASB's approach to clarify the scope of instruments to which the CLI requirements are applied. However, some respondents made suggestions to further enhance the clarity of the scope of the CLI requirements, including:

    (a) clarifying that even though CLIs have non-recourse features, the CLI requirements in paragraphs B4.1.21–B4.1.26 of IFRS 9 (as amended by the ED) continue to be applied to those instruments and not the requirements relating to non-recourse assets in paragraphs B.4.1.17 and B4.1.17A of the ED; and

    (b) incorporating explanations about the reduction in the contractual rights to receive cash flows that were included in Agenda Paper 16B for the September 2022 IASB meeting into the application guidance.

Secured lending arrangements (B4.1.20A of the ED)

42. Although most respondents agreed with the proposed amendments in paragraph B4.1.20A of the ED, many respondents asked the IASB to add further application guidance to explain:

    (a) whether transactions would be CLIs if the junior debt instrument is held by another entity (other than the sponsoring entity) or whether reassessment is needed when the junior debt holder (the sponsoring entity) subsequently sells the instrument;

    (b) whether transactions contain CLIs if the senior debt instrument is syndicated among multiple creditors, which hold pro-rata rights to the cash flows;

    (c) whether, in the case of secured lending arrangement, the requirements in paragraphs B4.1.7–B4.1.19 of IFRS 9 (as amended by the ED) are applied to the junior debt instrument when assessing its contractual cash flows characteristics; and

    (d) why transactions described in paragraph B4.1.20A of the ED do not contain multiple contractually linked instruments because the transactions appear to have the characteristics of CLIs.

Eligible financial instruments in the underlying pool (B4.1.23 of the ED)

43. Almost all respondents supported the IASB's decision relating to the eligible financial instruments in the underlying pool for the purpose of the assessment required in paragraph B4.1.23 of IFRS 9. They said that this clarification was helpful, although some respondents said that more clarity would be needed to promote consistent application.

44. Some respondents requested application guidance on how they assess the contractual cash flow characteristics of lease receivables if residual value risk has a de minimis impact on the cash flow to the tranches or if residual value risk will be mitigated by

a residual value guarantee. A few respondents expressed a concern that it could be read that lease receivables will automatically have SPPI cash flows and suggested including some of the explanations from AP16B for the September 2022 IASB meeting in the main text of IFRS 9.

Other comments

45. A few respondents reiterated some of the questions raised as part of the PIR and suggested the IASB:

(a) clarify what constitutes 'tranche' and define the term in Appendix A of IFRS 9;

(b) simplify the SPPI assessment for the most senior tranche in a CLI transaction; and

(c) clarify whether it is the IASB's intention to have different accounting outcomes between CLIs and non-recourse assets of which the underlying pool includes non-financial instruments or financial instruments that do not have SPPI cash flows.

Question 5—Disclosures—investments in equity instruments designated at fair value through other comprehensive income

Disclosure of an aggregate fair value (paragraph 11A(c) of IFRS 7)

46. Most respondents welcomed the proposed amendment to paragraph 11A(c) of IFRS 7 to not require, at the reporting date, the disclosure of the fair value of *each* equity instrument for which an entity has elected to present subsequent changes in fair value in OCI. Some explained that the current requirement is onerous to apply and in their view, does not necessarily provide useful information to users of financial statements.

47. A few respondents that commented on this proposal said the requirements should be clarified:

    (a) to be explicit about requiring the disclosure of total fair value of these equity investments at the reporting date if that is what the IASB had intended; and

    (b) to require entities to determine the appropriate level of aggregation and disaggregation to provide useful information to users of financial statements.

48. On the other hand, a few other respondents disagreed with the proposed amendment because they consider the aggregation of the equity investments, to which the OCI presentation option is applied, to result in information that is less useful to users of financial statements.

Disclosure of changes in fair value, including those related to investments derecognised during the reporting period (paragraph 11A(f) of IFRS 7), and recycling

49. Many respondents supported the proposed requirements in paragraph 11A(f) of IFRS 7 that an entity should disclose the change in fair value that relates to equity instruments derecognised during the period, separately from the amount that relates to instruments that continue to be recognised. Despite their agreement with the proposals, some respondents again expressed their disappointment that the IASB is not amending IFRS 9 to permit the reclassification of fair value gains or losses accumulated in OCI to profit or loss (‘recycling’). However, they acknowledged the IASB’s rationale for not making any changes to the requirements in IFRS 9 and appreciate that the IASB will continue to monitor new information and further evidence when such information becomes available especially from the insurance industry.[1]

[1] As set out in Agenda Paper 3A *Equity Instruments and Other Comprehensive Income* for the October 2022 IASB meeting.

50. In contrast, some respondents questioned the usefulness of the proposed requirements in paragraph 11A(f) of IFRS 7. Many of these respondents said that the most relevant information about equity investments disposed of during the reporting period is already required in paragraph 11B of IFRS 7— in particular, in paragraph 11B(c) which requires the disclosure of cumulative gain or loss on disposal. In their view, it would be more appropriate to require disclosures that distinguish between the cumulative changes in the fair value of equity instruments derecognised and cumulative changes in the fair value of equity instruments held at the end of the reporting period, to make the link to the 'realised' and 'unrealised' fair value gains or losses accumulated in OCI.

51. A few respondents suggested that disclosing changes in the fair value of investments in equity instruments derecognised during the reporting period, separately from those still held by the entity at the reporting date, will require tracking of the required information that may not be readily available and result in additional costs for preparers.

Illustrative example accompanying IFRS 7 (paragraphs IG11A and IG11B)

52. Some of the respondents that commented on these proposals, said that they find the proposed illustrative example accompanying IFRS 7 (proposed paragraphs IG11A and IG11B) useful, but suggested cross-referencing the line items in the illustrative example to the applicable sub-sections in paragraphs 11A and 11B of IFRS 7.

53. Of those who found the illustrative example useful, many also said that, although not currently required in IFRS 7, users of financial statements would find the disclosure of the transfer of any cumulative gain or loss relating to the disposal of an equity instrument from other comprehensive income to retained earnings (as illustrated in paragraph IG11B) useful. They noted that without information on the cumulative gain or loss of equity instruments disposed of (both in the reporting period and in prior reporting periods) the proposed requirement in paragraph 11A(f) would not

achieve the objective of better displaying the financial performance of equity investments.

Question 6—Disclosures—contractual terms that could change the timing or amount of contractual cash flows

54. Many respondents, including most standard setters, expressed the view that the proposed disclosures would provide useful information to users of financial statements. This view is supported by comments made by members of the Capital Markets Advisory Committee during their joint meeting with the Global Preparers Forum in June 2023.

55. However, although not necessarily disagreeing with the proposed disclosure requirement, many other respondents, specifically banks and banking organisations, voiced strong objections against the proposed scope of the requirements. In their view such a broad scope will place a significant cost on preparers which will outweigh any perceived benefits to investors. Many of these respondents made suggestions for limiting the scope of the proposed disclosure requirements, including:

    (a) excluding financial liabilities (since there appears to be an overlap with existing requirements in paragraph B10A of IFRS 7);

    (b) excluding changes in cash flows due to changes in credit risk (since the credit risk disclosures in IFRS 7 already explain how credit risk is managed);

    (c) excluding changes due to 'increased cost clauses';

    (d) limiting the scope to ESG-linked features; or

    (e) limiting the scope to financial assets to which paragraph B4.1.10A is applied for contingent events that are not directly linked to basic lending risks and costs.

56. On the other hand, a few of these respondents believed that additional disclosure requirements are unnecessary since IFRS 7 already requires the disclosure of information that enables users to evaluate the significance of financial instruments for its financial position and performance and the PIR did not provide evidence that users require additional disclosures.

57. In addition to their concerns about the scope of the proposed disclosure requirements, some respondents questioned the practicality and usefulness of the quantitative disclosures proposed in paragraph 20B(b) of the ED.

Question 7—Transition

58. Almost all respondents agreed with the proposal to apply the amendments retrospectively without being required to restate prior periods to reflect the application of the amendments. Respondents who justified their support noted that the approach is consistent with the transition provisions for the initial implementation of IFRS 9 and that it is unlikely that an entity would be able to restate comparatives without the use of hindsight.

59. Many respondents recommended allowing entities to initially apply the different parts of the amendments independently, noting that many entities consider the amendments to the requirements for classification of financial assets to be more urgent. Many of these respondents argued that more time would be needed to implement the amendments relating to the derecognition of financial assets and financial liabilities and therefore recommended a later effective date for these amendments.

Appendix A—Questions asked on the ED

Question 1—Derecognition of a financial liability settled through electronic transfer
Paragraph B3.3.8 of the draft amendments to IFRS 9 proposes that, when specified criteria are met, an entity would be permitted to derecognise a financial liability that is settled using an electronic payment system although cash has yet to be delivered by the entity. Paragraphs BC5–BC38 of the Basis for Conclusions explain the IASB's rationale for this proposal. Do you agree with this proposal? If you disagree, please explain what aspect of the proposal you disagree with. What would you suggest instead and why?

Question 2—Classification of financial assets—contractual terms that are consistent with a basic lending arrangement
Paragraphs B4.1.8A and B4.1.10A of the draft amendments to IFRS 9 propose how an entity would be required to assess: interest for the purposes of applying paragraph B4.1.7A; and contractual terms that could change the timing or amount of contractual cash flows for the purposes of applying paragraph B4.1.10. The draft amendments to paragraphs B4.1.13 and B4.1.14 of IFRS 9 propose additional examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Paragraphs BC39–BC72 of the Basis for Conclusions explain the IASB's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree, please explain what aspect of the proposal you disagree with. What would you suggest instead and why?

Question 3—Classification of financial assets—financial assets with non-recourse features
The draft amendments to paragraph B4.1.16 of IFRS 9 and the proposed addition of paragraph B4.1.16A enhance the description of the term 'non-recourse'. Paragraph B4.1.17A of the draft amendments to IFRS 9 provides examples of the factors that an entity may need to consider when assessing the contractual cash flow characteristics of financial assets with non-recourse features. Paragraphs BC73–BC79 of the Basis for Conclusions explain the IASB's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree, please explain what aspect of the proposal you disagree with. What would you suggest instead and why?

Question 4—Classification of financial assets—contractually linked instruments
The draft amendments to paragraphs B4.1.20–B4.1.21 of IFRS 9, and the proposed addition of paragraph B4.1.20A to it, clarify the description of transactions containing multiple contractually linked instruments that are in the scope of paragraphs B4.1.21–B4.1.26 of IFRS 9. The draft amendments to paragraph B4.1.23 clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements. Paragraphs BC80–BC93 of the Basis for Conclusions explain the IASB's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree, please explain what aspect of the proposal you disagree with. What would you suggest instead and why?

Question 5—Disclosures—investments in equity instruments designated at fair value through other comprehensive income
For investments in equity instruments for which subsequent changes in fair value are presented in other comprehensive income, the Exposure Draft proposes amendments to: (a) paragraph 11A(c) of IFRS 7 to require disclosure of an aggregate fair value of equity instruments rather than the fair value of each instrument at the end of the reporting period; and (b) paragraph 11A(f) of IFRS 7 to require an entity to disclose the changes in fair value presented in other comprehensive income during the period. Paragraphs BC94–BC97 of the Basis for Conclusions explain the IASB's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree, please explain what aspect of the proposal you disagree with. What would you suggest instead and why?

Question 6—Disclosures—contractual terms that could change the timing or amount of contractual cash flows
Paragraph 20B of the draft amendments proposes disclosure requirements for contractual terms that could change the timing or amount of contractual cash flows. The proposed requirements would apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost (paragraph 20C). Paragraphs BC98–BC104 of the Basis for Conclusions explain the IASB's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree, please explain what aspect of the proposal you disagree with. What would you suggest instead and why?

Question 7—Transition
Paragraphs 7.2.47–7.2.49 of the draft amendments to IFRS 9 would require an entity to apply the amendments retrospectively, but not to restate comparative information. The amendments also propose that an entity be required to disclose information about financial assets that changed measurement category as a result of applying these amendments. Paragraphs BC105–BC107 of the Basis for Conclusions explain the IASB's rationale for this proposal. Do you agree with these proposal? Why or why not? If you disagree, please explain what aspect of the proposal you disagree with. What would you suggest instead and why?

Appendix B—Breakdown of comment letters