



IFRS 9 – Classification and measurement

Global IFRS Institute | Financial instruments

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“The new approach to classifying and measuring financial assets and liabilities has been applied successfully for a number of years now. However, some issues have arisen in practice that could benefit from the Board’s attention when further developing the standard. Now is your chance to highlight your thoughts and concerns to the Board.”

Colin Martin
KPMG global financial instruments leader

Request for information on its application – Take this opportunity to raise your concerns

Highlights

- What issues has the Board identified?
- Do you have other concerns?
- Have your say – Comment deadline is 28 January 2022

As part of its due process, the International Accounting Standards Board (the Board) is undertaking a **post-implementation review** (PIR) of the classification and measurement requirements in IFRS 9 *Financial Instruments*.

To understand the challenges that arise when applying the standard in practice, the Board is now seeking:

- feedback on specific issues that it has identified; and
- comments on other issues that arise in practice.

What issues has the Board identified?

The Board raises specific questions on a number of areas, including the following:

- The business model assessment for financial assets, including:
 - the use of judgement in applying the assessment; and
 - the reclassification of financial assets resulting from a change in the business model.
- The contractual cash flow characteristics assessment for financial assets, including:
 - applying the assessment given new market developments (e.g. financial assets with sustainability-linked features); and
 - the requirements for investments in contractually linked instruments.
- The option to present fair value changes for equity instruments in other comprehensive income (OCI), including:
 - the types of instruments for which the presentation option is applied; and
 - the effect of the option on a company’s investment decisions.
- Presentation in OCI of changes in fair value resulting from changes in own credit risk for financial liabilities designated at fair value through profit or loss, including:

- whether the requirements for the presentation capture the appropriate population of financial liabilities.
- Modifications to contractual cash flows, including:
 - differences between the requirements for modifying financial assets and financial liabilities; and
 - determining when a modification results in derecognition.
- The effective interest method for financial instruments, including:
 - types of changes in contractual cash flows for which a company applies paragraph B5.4.5 of IFRS 9 or paragraph B5.4.6 of IFRS 9; and
 - the line item in profit or loss in which the catch-up adjustments are presented.

Do you have other concerns?

The Board's PIR is also seeking other information about IFRS 9's classification and measurement requirements, namely:

- whether the standard setting objectives were met;
- the usefulness of the information they provide;
- the costs of producing that information; and
- consistency in their application.

Have your say

We encourage you to take this opportunity to give your feedback to the Board on the identified areas and any other concerns you may have before the deadline of 28 January 2022.

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