



Minutes of the 277<sup>th</sup> meeting of the Financial Reporting Standards Committee held on Friday, 14 April 2023 at 8:30 a.m. via videoconference.

Members present: Mr. Gary Stevenson (Chairman), RSM Hong Kong  
Mr. Joe Ng (Deputy Chairman), Ernst & Young  
Ms. Kathryn Ashley, HSBC  
Ms. Fanny Hsiang, BDO Limited  
Ms. Vincyy Lai, Jardine Matheson & Co., Limited  
Mr. Mateusz Lasik, Deloitte Touche Tohmatsu  
Ms. Joan Ng, Securities and Futures Commission  
Mr. Richard Poon, AIA Group  
Mr. William Wong, Stock Exchange of Hong Kong Limited  
Ms. Lisa Zhang, PricewaterhouseCoopers

Staff in attendance: Ms. Cecilia Kwei, Director, Standard Setting  
Ms. Eky Liu, Deputy Director, Standard Setting  
Mr. George Au, Associate Director, Standard Setting  
Ms. Carrie Lau, Associate Director, Standard Setting  
Ms. Kennis Lee, Associate Director, Standard Setting  
Ms. Katherine Leung, Associate Director, Standard Setting  
Mr. Sam Chan, Manager, Standard Setting

Apologies: Mr. Jim Tang (Deputy Chairman), KPMG  
Mr. Kenneth Lau, Crowe (HK) CPA Limited  
Mr. Ghee Peh, IEEFA

Observer: Ms. Kristin Ko, Accounting and Financial Reporting Council

Action

1. **Minutes, work program, IFRS Interpretations Committee (IC) tentative agenda decisions and liaison log**

The Committee approved the minutes of the 276<sup>th</sup> meeting.

The Committee noted the developments outlined in the FRSC and SSD work program and the liaison log.

The Committee also noted the IC issued the following three tentative agenda decisions in March 2023.

- Guarantee over a Derivative Contract (IFRS 9 *Financial Instruments*)
- Premiums Receivable from an Intermediary (IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*)
- Homes and Home Loans Provided to Employees

The Committee considered and approved the updated composition of the Insurance Advisory Panel.

2. **Abolition of the MPF-LSP “offsetting” mechanism in Hong Kong (the “Abolition”)**

At its February meeting, the Committee discussed the proposed form of guidance on the accounting for the Abolition. The Committee noted SSD staff would provide an analysis whether this issue meets the criteria of issuing a local interpretation in order for the Committee to conclude on the form of guidance.

At this meeting, the Committee was presented with the list of criteria of issuing a local interpretation as well as SSD staff analysis of whether this issue meets those criteria. The Committee considered the analysis and agreed that this issue does not meet all of the criteria of issuing a local interpretation. In particular, the Committee generally agreed that the issue is widespread but it is not yet clear whether it would have a material effect on all those affected by it because the effect would depend on various factors, such as the entity's existing accounting policy for long service payment, the composition and salary of the workforce.

The Committee considered and agreed with SSD staff's recommendation that the Institute would issue guidance on this issue in the form of an educational material.

3. **IASB Exposure Draft Amendments to the Classification and Measurement of Financial Instruments**

The Committee received an update on the IASB Exposure Draft *Amendments to the Classification and Measurement of Financial Instruments* (ED), which includes a summary of the proposed changes to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. Some Committee members provided preliminary comments on the ED.

The Committee also considered and agreed with SSD's planned outreach activities, which include seeking feedback from the Financial Instruments Advisory Panel and Small and Medium-sized Practitioners Committee Technical Issues Working Group as well as performing outreach activities with targeted stakeholders.

4. **IFRS Interpretations Committee agenda decision Lessor Forgiveness of Lease Payments**

The Committee received an update on the feedback received from members of the Leases Advisory Panel regarding the implication of the IFRS Interpretations Committee agenda decision *Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)* on the analysis and conclusions in the Institute's guidance on rent concessions issued in January 2020.

The Committee considered the feedback received and the proposed changes to the Institute's guidance. The Committee provided no additional comments and approved the updated guidance. SSD staff will proceed to finalise and issue the updated guidance after the meeting.

SSD

[Post-meeting note: The Institute's updated guidance on rent concessions was issued on 10 May 2023.]

5. **Priority of two new ISSB projects**

The Committee received an update on the following two new ISSB projects:

(A) *Consultation on Agenda Priorities*

At its June 2022 meeting, the Committee preliminarily agreed that the ISSB's agenda consultation is a high priority project as it will have significant impact on the future development of sustainability-related information and financial reporting as a whole.

At this meeting, the Committee considered the SSD staff analysis and confirmed that it should be a high priority project as this is an important opportunity for the Institute to influence the strategy and priority of the ISSB's initial two-year work plan.

(B) *International Applicability of the SASB Standards - Methodology Exposure Draft*

The Committee agreed that this project should be low priority because it is a consultation on the process and methodology for the changes to the SASB Standards instead of proposed amendments to the requirements. Furthermore, the SASB Standards only has the status of illustrative examples so they do not require mandatory application. The Committee also agreed that if the ISSB proposes incorporating amended elements of the SASB standards into IFRS Sustainability Disclosure Standards in the future, SSD will consider whether to comment on the relevant exposure drafts at that future point in time.

The Committee considered and agreed with SSD's project plans and next steps for these two ISSB projects.

6. **Annual update on the post-implementation review of local pronouncements on financial reporting**

The Committee noted the work undertaken by SSD in respect of the post-implementation review of local pronouncements on financial reporting during the year.

7. **Other business**

*Administrative matter*

The Committee noted that they are welcome to propose agenda items for the next FRSC meeting no later than 15 working days prior to the meeting date.

It was noted that the next meeting was scheduled on 1 June 2023.

There being no further business, the meeting closed at 9:30 a.m.

GARY STEVENSON  
CHAIR

23 May 2023