



Minutes of the 267th meeting of the Financial Reporting Standards Committee held on Thursday, 21 October 2021 at 8:30 a.m. via videoconference.

Members present: Mr. Ernest Lee (Chairman), Deloitte Touche Tohmatsu
Mr. Gary Stevenson (Deputy Chairman), RSM Hong Kong
Ms. Kathryn Ashley, HSBC
Mr. Choy Kai Sing, Asia Metro Ltd and own-name practice
Ms. Candy Fong, Foremost Advisers Ltd
Mr. Park Kwok, HLB Hodgson Impey Cheng Limited
Ms. Vincyy Lai, Jardine Matheson & Co., Limited
Mr. Kenneth Lau, Crowe (HK) CPA Limited
Ms. Susanna Lau, Securities and Futures Commission
Mr. Joe Ng, Ernst & Young
Mr. Ghee Peh, IEEFA
Mr. Richard Poon, AIA Group
Mr. Jim Tang, KPMG
Mr. William Wong, Stock Exchange of Hong Kong Limited
Mr. Guochang Zhang, The University of Hong Kong
Ms. Lisa Zhang, PricewaterhouseCoopers

Staff in attendance: Ms. Cecilia Kwei, Director, Standard Setting
Ms. Eky Liu, Deputy Director, Standard Setting
Mr. Norman Chan, Associate Director, Standard Setting
Ms. Carmen Ho, Associate Director, Standard Setting
Ms. Joni Kan, Associate Director, Standard Setting
Ms. Katherine Leung, Associate Director, Standard Setting
Mr. Anthony Wong, Associate Director, Standard Setting

Action

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

The Committee approved the minutes of the 266th meeting.

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

Tentative agenda decisions

The Committee also received an update on the SSD staff analysis and actions on the following tentative agenda decisions (TAD) discussed at the September 2021 IC meeting.

- Cash Received via Electronic Transfer as Settlement for a Financial Asset (IFRS 9 *Financial Instruments*)

The Committee agreed with SSD staff analysis and recommendation that no further action would be taken.

- Demand Deposits with Restrictions on use (IAS 7 *Statement of Cash Flows*)

The Committee noted that members of the FRSC's Disclosure Initiative Advisory Panel and Financial Instruments Advisory Panel (the Panel) agreed with the analysis in this TAD with respect to the specific fact pattern in the submission; however, some Panel members are concerned that the TAD may have implications on other similar

arrangements in the real estate industry and entities holding client money, which are common in Hong Kong and Mainland China. The Committee also noted that Panel members had split views on whether the Institute should respond to the TAD to raise this concern and seek IC's clarification on how the TAD could be applied to other similar arrangements, in particular, when the restrictions on the entity's ability to access the deposit are imposed by contracts with a third party or by laws and regulations.

The majority of the Committee members considered that the potential implications of this TAD (once it is finalised as an agenda decision) could be pervasive in Hong Kong, and hence considered that the Institute should respond to this TAD to raise our concern and request for clarification. SSD staff will circulate a draft submission on this TAD for the Committee to consider and approve out-of-session.

SSD

[Post-meeting note: HKICPA's comment letter was submitted to the IC on 16 November 2021.]

IASB Exposure Draft Management Commentary (ED)

The Committee considered the comment letters received on the ED and agreed with SSD staff's recommendation not to respond to the ED because this project is a low priority project and there are no comments indicating that the proposals would result in significant issues.

2. IASB Request for Information (RFI) Post-implementation Review (PIR) of IFRS 9 Classification and Measurement

The Committee received an overview of the IASB RFI on PIR of IFRS 9 and an update on the initial feedback from stakeholders. The Committee considered SSD staff's proposed outreach activities and next steps for the project, and supported staff proposals. The Committee noted that SSD staff will provide an update on the feedback received from outreach activities and SSD staff's preliminary views at its next meeting.

SSD

3. Supplier Finance Arrangements

The Committee received an update on the IASB's Supplier Finance Arrangements project. The Committee noted that the IASB proposes to add disclosures requirements to IAS 7 and IFRS 7 *Financial Instruments: Disclosures* to address the investor information needs on supplier finance arrangements and that the IASB planned to publish an exposure draft on this project in November 2021.

The Committee agreed that supplier finance arrangements are becoming more common in Hong Kong but noted that the project addresses only the disclosure requirements on supplier finance arrangements. In view of the FRSC's existing high priority projects, the Committee agreed that this project is not as pervasive or urgent as the high priority projects and hence, this project should be of medium priority. The Committee also agreed with SSD staff proposed project plan.

4. **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 7 December 2021.

There being no further business, the meeting closed at 10:00 a.m.

ERNEST LEE
CHAIR

29 November 2021