

## HKAB's Comments on IASB Request for Information on Third Agenda Consultation

IASB Question	HKAB Comments
<b>Question 1 — Strategic direction and balance of the Board's activities</b>	
<p>The Board's main activities include:</p> <ul style="list-style-type: none"> <li>• developing new IFRS Standards and major amendments to IFRS Standards;</li> <li>• maintaining IFRS Standards and supporting their consistent application;</li> <li>• developing and maintaining the <i>IFRS for SMEs</i> Standard;</li> <li>• supporting digital financial reporting by developing and maintaining the IFRS Taxonomy;</li> <li>• improving the understandability and accessibility of the Standards; and</li> <li>• engaging with stakeholders.</li> </ul> <p>Paragraphs 14–18 and Table 1 provide an overview of the Board's main activities and the current level of focus for each activity. We would like your feedback on the overall balance of our main activities.</p> <p>(a) Should the Board increase, leave unchanged or decrease its current level of focus for each main activity? Why or why not? You can also specify the types of work within each main activity that the Board should increase or decrease, including your reasons for such changes.</p> <p>(b) Should the Board undertake any other activities within the current scope of its work?</p>	<p>(a) We consider that the Board's current level of focus and overall balance of its main activities is appropriate. Regarding the IFRS Standards being launched in recent years such as IFRS 9 and IFRS 16, we would like to suggest that the Board to provide more practical guidelines and support for better understanding on the real-life application of these Standards.</p> <p>(b) We have no other suggestions.</p>

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<b>Question 2 — Criteria for assessing the priority of financial reporting issues that could be added to the Board’s work plan</b>	
<p>Paragraph 21 discusses the criteria the Board proposes to continue using when assessing the priority of financial reporting issues that could be added to its work plan.</p> <p>(a) Do you think the Board has identified the right criteria to use? Why or why not?</p> <p>(b) Should the Board consider any other criteria? If so, what additional criteria should be considered and why?</p>	<p>We agree that the Board has identified the right criteria to use. We have no further suggestions.</p>
<b>Question 3 — Financial reporting issues that could be added to the Board’s work plan</b>	
<p>Paragraphs 24–28 provide an overview of financial reporting issues that could be added to the Board’s work plan.</p> <p>(a) What priority would you give each of the potential projects described in Appendix B—high, medium or low—considering the Board’s capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27–28)? If you have no opinion, please say so. Please provide information that explains your prioritisation and whether your prioritisation refers to all or only some aspects of the potential projects. The Board is particularly interested in explanations for potential projects that you rate a high or low priority.</p> <p>(b) Should the Board add any financial reporting issues not described in Appendix B to its work plan for 2022 to 2026? You can suggest as many issues as you consider necessary taking into consideration the Board’s capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs</p>	<p>(a) We consider that below potential projects described in Appendix B should be given high priority. We do not have comments on the priority of other potential projects.</p> <ul style="list-style-type: none"> <li>- <u>Commodity transactions</u> Transactions involving commodities such as precious metals are commonly observed within the banking industry. However, IFRS only provides limited specific requirements for certain types of commodity transactions. In practice, market players develop their own accounting policies by applying IAS 8, which may lead to diversity in practice.</li> <li>- <u>Cryptocurrencies and related transactions</u> Transactions involving cryptocurrencies are expected to be prevalent in the future. Although the Committee concluded before that requirements in IAS 2 and IAS 38 should be applied, the economic characteristics of cryptocurrencies in future environment will be similar to cash or other financial instruments. In this sense, we would like to suggest the Board to</li> </ul>

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<p>27–28). To help the Board analyse the feedback, when possible, please explain:</p> <p>(i) the nature of the issue; and</p> <p>(ii) why you think the issue is important.</p>	<p>formulate new IFRS requirements specifically for transactions involving cryptocurrencies.</p> <ul style="list-style-type: none"> <li>- <u>Discount rates</u> Different IFRS Standards developed over the years have required different inputs to be reflected in present values. It is suggested that the Board should revisit whether a consistent IFRS technique in calculating discount rate could be developed, i.e. the methodology or inputs used.</li> <li>- <u>Other comprehensive income</u> Currently the recycling of OCI to P/L specified in individual IFRS only provides limited consistency with the principles set out in Conceptual Framework. We recommend that the Board clarify how to apply the principles for the classification of incomes in OCI and recycling in the Conceptual Framework to IFRS Standards.</li> </ul> <p>(b) We have no further suggestions.</p>
<b>Question 4 — Other comments</b>	
<p>Do you have any other comments on the Board’s activities and work plan? Appendix A provides a summary of the Board’s current work plan.</p>	<p>We have no other comments.</p>