

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
37th Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

Via e-mail: [commentletters@hkcipa.org.hk](mailto:commentletters@hkcipa.org.hk)

31 May 2023

Dear Sir/Madam,

**Re: IASB Exposure Draft Amendments to the Classification and Measurement of Financial Instruments (Proposed amendments to IFRS 9 and IFRS 7)**

On behalf of the Financial Markets Committee of the British Chamber of Commerce in Hong Kong, we would like to comment on Question 1 of the March 2023 IASB Exposure Draft Amendments to the Classification and Measurement of Financial Instruments (Proposed amendments to IFRS 9 and IFRS 7) as it is most relevant for Hong Kong.

• **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?

We agree with these proposals except for the requirement in paragraph B3.3.8(a), which requires the entity to have no ability to withdraw, stop or cancel the payment instruction to derecognise the financial liability before the settlement date. We believe that in many instances the costs and operational challenges associated with applying and auditing this requirement will be significant and will prevent entities from being able to apply the exception altogether.

We encourage the IASB to consider replacing or removing the requirement in paragraph B3.3.8(a) such that the exception is less burdensome to apply and create consistency in specified criteria. We would also not be opposed to a free accounting policy choice, that is, removing all specified criteria included in paragraphs B3.3.8 (a)-(c) of the draft amendments.

Yours sincerely,



Mr David Graham  
Executive Director