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香港華人會計師公會
The Society of Chinese Accountants & Auditors

(在香港註冊成立之有限公司)

(Incorporated in Hong Kong as a company limited by guarantee)

11 May 2020

Mr. Lee Chun Ho, Ernest
The Chairman
Financial Reporting Standards Committee
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Dear Sir,

Re: IASB Exposure Draft ED/2020/1
Interest Rate Benchmark Reform – Phase 2
Proposed Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

We refer to your letter dated 14 April 2020 and on behalf of the Society of Chinese Accountants and Auditors ('SCAA'), we would like to provide our views on IASB Exposure Draft ED/2020/1 Interest Rate Benchmark Reform – Phase 2, Proposed Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16:-

Question 1 – Modifications of financial assets and financial liabilities

Paragraphs 6.9.2 - 6.9.6 of the draft amendments to IFRS 9

We agree that, as a practical expedient, an entity would apply paragraph B5.4.5 of IFRS 9 and paragraph 6.9.3 of the draft amendments to IFRS 9 respectively because they are good relief for an entity.

We also agree with the amendments to IFRS 4 and IFRS 16 respectively.

Question 2 – Amendments to hedging relationships

Paragraphs 6.9.7 – 6.9.10 of the draft amendments to IFRS 9 and paragraphs 1020-



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102R of the draft amendment to IAS 39

We agree with these amendments because the exact nature of the hedging relationships can be presented clearly.

Question 3 – Accounting for qualifying hedging relationships and groups of items

Paragraphs 6.9.11 – 6.9.15 of the draft amendments to IFRS 9 and paragraphs 102S – 102X of the draft amendments to IAS 39

We agree with these amendments because the application of the requirements about hedging relationships in IFRS 9 and IAS 39 is clarified.

Question 4 – Designation of risk components and portions

Paragraphs 6.9.16 - 6.9.18 of the draft amendments to IFRS 9 and paragraphs 102Y-102Z1 of the draft amendments to IAS 39

We agree with these amendments because the application of the alternative benchmark rate is clarified.

Question 5 – Effective date and transition

Paragraphs 7.1.9 and 7.2.36 - 7.2.38 of the amendments to IFRS 9 and paragraphs 108H-108J of the draft amendments to IAS 39

We agree with the effective date of annual periods beginning on or after 1 January 2021, earlier application and retrospective application proposed in this exposure draft.

Question 6 - Disclosures

Paragraphs 24I-24J and paragraphs 49HH-44II of the draft amendments to IFRS 7

We agree with these amendments because specific disclosures about the impact of the interest rate benchmark reform can be provided by the entities to the public.



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Should you wish to further discuss the issues in more details, please do not hesitate to contact us at 2869 6680.

Thanks for your kind attention!

Yours faithfully,

Edmund Wong

Wong Chun Sek, Edmund
President
The Society of Chinese Accountants & Auditors

蔡國偉

Choi Kwok Wai, Ronnie
Chairman,
Accounting and Auditing Standards Committee
The Society of Chinese Accountants & Auditors