



## Heads Up

# Proposed amendments to classification and measurement requirements of IFRS 9

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### “In summary”

The IASB has issued for public comment an exposure draft (ED) proposing amendments to the classification and measurement guidance in IFRS 9.

The ED proposes the introduction of a new fair value through other comprehensive income (FVTOCI) measurement category for certain debt instruments. The new measurement category would:

- apply to assets whose contractual cash flows are solely payments of principal and interest (existing ‘contractual cash flows test’) and which are held in a business model in which assets are managed both to collect contractual cash flows and for sale (as opposite to held only to collect contractual cash flows which continue to be measured at amortised cost);
- require that interest revenue, foreign exchange gains and losses and credit impairment are recognised in profit or loss and all other changes in fair value recognised in OCI;
- prescribe the reclassification of the cumulative gain or loss recognised in OCI to profit or loss on derecognition of the asset (commonly referred to as ‘recycling’)

The proposed FVTOCI category would be similar to the *available for sale* category under IAS 39, except that it would apply only to debt instruments (the FVTOCI category available to equity instruments under IFRS 9 would remain unchanged, i.e. no impairment assessment and no recycling) and that impairment assessment would follow the new expected loss model currently under development.

Other proposed amendments include introduction of new and additional guidance on application of the business model and contractual cash flows test, as well as changes to the transition guidance.

The comment period for the ED ends on 28 March 2013.

### IFRS in Focus

- [IFRS in Focus — IASB issues proposals for limited amendments to IFRS 9](#)

## External Links

- [IASB press release](#)
- [ED/2012/4 Classification and Measurement: Limited Amendments to IFRS 9](#)

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