



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organizaç o Internacional das Comiss es de Valores
Organizaci n Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

October 15, 2021

IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Our Ref: 2021/O/MS/C1/IASB/95

RE: Exposure Draft 2021/4 – Lack of Exchangeability

Dear International Accounting Standards Board (IASB or the “Board”) Members,

The International Organization of Securities Commissions (IOSCO) Committee on Issuer Accounting, Audit and Disclosure (Committee 1) thanks you for the opportunity to provide our comments on the Exposure Draft on Lack of Exchangeability.

IOSCO is committed to promoting the integrity of the international markets through promotion of high-quality accounting standards, including rigorous application and enforcement. Members of Committee 1 seek to further IOSCO’s mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. Unless otherwise noted, the comments provided herein reflect the consensus among members of Committee 1 and are not intended to include all the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

General Comment

Members support the proposals by the IASB which provide guidance regarding the definition and the assessment of a lack of exchangeability that is not temporary. We are aware that there are diverse views on how to determine whether a currency is exchangeable and the exchange rate to use when it is not. Although the issue is not prevalent, members believe that the proposed amendments, along with the illustrative examples, would add to the clarity of the guidance in IAS 21, and consequently promote consistent financial reporting (albeit diversity in practice may still exist if two entities in the same jurisdiction were to estimate different exchange rates for a transaction of a similar nature).



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However, some members suggest that the IASB should require (rather than permit) the use of an observable exchange rate as described in paragraph 19B (i.e. either a spot rate for a purpose other than that for which the entity assesses exchangeability or the first subsequent exchange rate) that meets the conditions described in paragraph 19A of the ED, if such a rate is available. These members are of the view that this would improve the comparability, consistent application and enforcement of the standard.

If you have any questions or need additional information, please do not hesitate to contact Cameron McInnis, Chair of the Accounting Subcommittee of Committee 1 at +1 416-593-3675 or myself. In case of any written communication, please mark a copy to me.

Yours sincerely,

Makoto Sonoda

Chair
Committee on Issuer, Accounting, Audit and Disclosure
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