



24 November, 2025

Bruce Mackenzie
Chair IFRS Interpretations Committee

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

Our Ref: 2025/O/C1/IASB/CM/802

RE: Tentative Agenda Decision: Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability (or Asset) (IFRS 18)

Dear Mr. Mackenzie,

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 [Tentative Agenda Decision: Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability \(or Asset\) \(IFRS 18\)](#) (**Agenda Decision**).

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 (members or we) seek to further IOSCO's mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. The comments we have provided herein reflect the general consensus among the members of Committee 1 and are not intended to include all comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

General Observations

To support consistent application of IFRS Accounting Standards, aiding comparability among financial statements, it is important to clarify the classification of a foreign exchange difference from an intragroup monetary liability or asset. In our experience, such foreign exchange differences are prevalent and can have a material effect on consolidated financial statements.

Specific Comments

All members agree with View 1 – classify the exchange difference in the operating category – for the reasons stated in the Agenda Decision.

Most members consider that View 2 – to classify the exchange difference in the same category in which the income and expenses from the intragroup loan would have been classified before their elimination on consolidation – lacks sufficient merit under existing IFRS Accounting Standards and as a result View 1 appears to be the only remaining acceptable classification.¹ Although some members appreciate the perspective outlined in View 2, they struggle to understand the basis, in accordance with IFRS Accounting Standards, that leads a reader to consider the income and expense *prior* to the elimination of any income and expenses arising from that loan. Accordingly, we recommend that the final Agenda Decision, if any, significantly expand its analysis in support of View 2 (if such a view continues to be presented).

If, after deliberating the feedback received on the Agenda Decision, the IFRS Interpretations Committee (Committee) continues to have significantly differing views among its members, such divergence may indicate that the principles and requirements in IFRS Accounting Standards do not provide an adequate basis for an entity to determine the required accounting, and accordingly some form of standard-setting may be needed.

We appreciate your thoughtful consideration of the views provided in this letter.

If you have any questions or need additional information, please do not hesitate to contact me.

Yours sincerely,



Cameron McInnis FCPA, CPA (Illinois)
Chair
Committee on Issuer, Accounting, Audit and Disclosure
International Organization of Securities Commissions

1. All members agree with the Agenda Decision's conclusion that the three other views included in the request (as described in Agenda Decision) are not reasonable readings of paragraph B65 of IFRS 18.