



July 19, 2023

Submitted electronically via: IFRS Website

International Accounting Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf, London E14 4HD
UK

Re: Exposure Draft: Amendments to the Classification and Measurement of Financial Instruments, Proposed amendments to IFRS 9 and IFRS 7

Dear Sir/Madam:

World Council of Credit Unions (World Council) appreciates the opportunity to comment on IFRS' Exposure Draft *for Amendments to the Classification and Measurement of Financial Instruments* (Exposure Draft)¹. Credit unions are cooperative depository institutions and World Council is the leading trade association and development organization for the international credit union movement. Worldwide, there are over 87,000 credit unions in 118 countries with USD 3.4 trillion in total assets serving 393 million physical person members.²

Credit unions are member-owned financial institutions that provide competitive financial services to their members. Due to their small size and less complex structure, they often have limitations on staff, resources, and capital. Credit unions are relatively small in size (average EUR 20 million in total assets the European Union) and are typically run by volunteer boards and volunteer employees. Any additional or complex reporting requirements excessive regulatory burden due to their small size and limited access to resources. Credit unions often rely on outside firms and vendors to provide solutions for their accounting needs.

Questions for consultation

Question 1—Derecognition of a financial liability settled through electronic transfer

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?

In general, we support the proposal to include criteria when derecognition is possible before settlement. However, we believe the criteria in B3.3.10 should focus on the intention to complete the

¹ International Accounting Standards Board; Exposure Draft: Amendments to the Classification and Measurement of Financial Instruments; (March, 2022); available at:

<https://www.ifrs.org/content/dam/ifrs/project/amendments-to-the-classification-and-measurement-of-financial-instruments/iasb-ed-2023-2-amendments-classification-and-measurement-financial-instruments.pdf>.

² World Council of Credit Unions; 2021 Statistical Report; (2022); available at:

https://www.woccu.org/our_network/statreport.

transaction rather than on rejecting the derecognition before settlement as various payment systems may afford differing rights under this circumstance.

Question 2—Classification of financial assets—contractual terms that are consistent with a basic lending arrangement

Do you agree with these proposals? Why or why not? If you disagree, please explain what aspect of the proposals you disagree with. What would you suggest instead and why?

We support the direction of the proposal given that it expands the criteria that may be considered to be part of the loan features.

Question 3—5 responses were omitted. World Council has not response to questions 3-5.

Question 6—Disclosures—contractual terms that could change the timing or amount of contractual cash flows

Do you agree with this proposal? Why or why not? If you disagree, please explain what aspect of the proposal you disagree with. What would you suggest instead and why?

According to the Exposure Draft, the IASB has “proposed further disclosure requirements aimed at giving users more information about contingent events and their nature and possible effects on contractual cash flows. This information would be required irrespective of the likelihood of the contingent events.” World Council supports efforts to improve reporting on contractual terms that could change the timing or amount of contractual cash flows; however, any additional disclosure requirements will likely encumber small financial institutions such as credit unions. Further, reporting on all contingent events will not necessarily add transparency or significance. We urge the IASB to consider whether additional disclosure requirements are necessary to bolster the reporting of contingent events for small financial institutions. World Council suggests requiring additional disclosure requirements only in the event that the contingent events effecting contractual cash flows are material. Disclosing contingent events that are non-material pose additional burdens which affect efficiency, time and costs, and provide little to no constructive information to the end user.

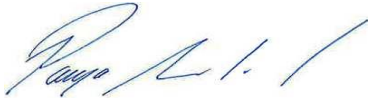
Question 7—Transition

Do you agree with these proposals? Why or why not? If you disagree, please explain what aspect of the proposals you disagree with. What would you suggest instead and why?

World Council supports the transitional requirements and believe they provide a reasonable approach to transition.

Thank you for the opportunity to provide comments on the IASB’s *Amendments to the Classification and Measurement of Financial Instruments*. If you have any questions, please feel free to contact me at +1 202-510-9347, or at pmonford@woccu.org.

Sincerely,



Panya Monford, Esq.
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World Council of Credit Unions