



Exposure Draft

Proposed IFRS[®] Standards

Lack of Exchangeability (Amendments to IAS 21)

May 2021

**COMMENTS TO THE ISAB AND THE AcSB MUST BE RECEIVED BY
September 1, 2021**

We value your input and look forward to your feedback on this Exposure Draft.

The Accounting Standards Board (AcSB) decided, based on feedback received to date, that it would not respond to the International Accounting Standards Board's (IASB) Exposure Draft, "Lack of Exchangeability," as the proposals are not expected to have a significant impact on Canadian stakeholders. This decision will be reviewed by the AcSB throughout the comment period and will only be considered final once stakeholder responses are considered. If stakeholders communicate to the AcSB concerns with the application of this amendment in Canada, the AcSB may reverse its decision not to respond.

The response deadlines to these IASB and AcSB Exposure Drafts are the same, but should you desire the AcSB to consider your comments prior to finalizing its decision to issue a comment letter, please feel free to submit your comment letter by email to the AcSB by July 15, 2021. Following the deadline, your feedback to the AcSB is considered as part of our IFRS Standards endorsement process. We also share Canadian feedback with the IASB through our involvement in international activities.

If this proposal has an impact on your financial reporting, we encourage you to respond directly to the IASB and copy the AcSB on your response.

Responses to our Canadian-specific question in this Exposure Draft should be sent directly to the AcSB by uploading your response letter via this online form.

Please address your response to:

Kelly Khalilieh, CPA, CA
Director, Accounting Standards
Accounting Standards Board
277 Wellington Street West
Toronto, Ontario M5V 3H2
kkhalilieh@acsbcanada.ca

This Exposure Draft reflects a proposal made by the IASB that the AcSB intends to adopt, subject to deliberating comments received, as Canadian generally accepted accounting principles.

Individuals and organizations are invited to send written comments on the Exposure Draft proposals. Comments are requested from those who agree with the Exposure Draft as well as from those who do not.

Comments are most helpful if they relate to a specific paragraph or group of paragraphs. Any comments that express disagreement with the proposals in the Exposure Draft should clearly explain the problem and include a suggested alternative, supported by specific reasoning. All comments received by the AcSB will be available on the website shortly after the comment deadline unless confidentiality is requested. The request for confidentiality must be stated explicitly within the response.

HIGHLIGHTS

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to incorporate into Part I of the CPA Canada Handbook – Accounting, amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

IASB® Exposure Draft

The International Accounting Standards Board (IASB) recently issued the Exposure Draft, “[Lack of Exchangeability](#),” which is available on the IASB website at www.ifrs.org. The Exposure Draft proposes to add requirements to IAS 21 for a company to determine whether a currency is exchangeable into another currency and the exchange rate to use when it is not.

IAS 21 specifies the exchange rate to use in reporting foreign currency transactions when exchangeability between two currencies is temporarily lacking. However, the standard does not specify what an entity is required to do when a lack of exchangeability is not temporary.

The IASB’s Exposure Draft includes illustrative examples and a Basis for Conclusions that are not part of this Exposure Draft. This material may provide useful information to stakeholders.

Comments requested

The AcSB encourages Canadian stakeholders to respond to the IASB on its Exposure Draft. Specific questions on which the IASB would like input are provided in the Invitation to Comment in its Exposure Draft. The AcSB requests that comment letters be sent directly to the IASB, with a copy to the AcSB.

The AcSB would like input from Canadian respondents on the following additional question regarding the proposed amendment:

The IASB has developed the proposed amendment in accordance with its due process for application around the world. Assuming the Exposure Draft proposal is finalized and approved by the IASB in accordance with its due process, do you think that the proposal is appropriate for application in Canada? If not, please specify which aspects of the proposal, and what circumstances, make the accounting requirement proposed in the Exposure Draft inappropriate.

Send responses to this additional question directly to the AcSB.

Comment on this document by uploading your response letter via this [online form](#).

The deadline for responding to the IASB on its Exposure Draft is September 1, 2021. Responses to the AcSB on the additional question set out above are due on the same date.

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