

## (Translation for reference purpose only)

### JMIS Exposure Draft No.5

#### Proposed amendments to ASBJ Modification Accounting Standard No. 2, *Accounting for Other Comprehensive Income* (comparative version)

31 October 2017

ASBJ Modification Accounting Standard No.2, *Accounting for Other Comprehensive Income* (last amended on 31 October 2017) ('the Standard') is proposed to be amended and described in comparative version as follows:

- (1) Due to the publication of IFRS 9 *Financial Instruments* (2014) (hereinafter referred to as 'IFRS 9 (2014)'), the original text of IFRS 7 *Financial Instruments: Disclosures* has changed (paragraph 20(a)(vii) of IFRS 7 as indicated in paragraph 9 of the Standard, and paragraph 20(a)(i) of IFRS 7 as indicated in paragraph 10 of the Standard). Changes are displayed in the 'current' column of the reference table (in blue letters, ~~before change~~ (double struck through) and after change (double underlined)).
- (2) 'Deletions or modifications' made by the ASBJ for the standards issued by the IASB are underlined (new text) or struck through (~~deleted text~~). 'Deletions or modifications' made so far are displayed in both 'current' and 'exposure draft' columns of the reference table.
- (3) 'IFRS 9 (2013)' in the Standard is proposed to be replaced with 'IFRS 9 (2014)' (the first sentence in paragraph 4 of the Standard, paragraph 4-2 of the Standard, paragraph 5 of the Standard, paragraph 6-2 of the Standard, and paragraph 6-3 of the Standard). These proposed changes are shaded.
- (4) In accordance with the changes in the original text of IFRS 9 (2014), in paragraph J-5.7.6C of IFRS 9 (2014) as indicated in paragraph 4 of the Standard which 'deletions or modifications' have been made so far, 'paragraph 59 of IAS 39 *Financial Instruments: Recognition and Measurement*' is proposed to be replaced with 'credit-impaired financial asset' of Appendix A which is newly defined in IFRS 9 (2014). These proposed changes are also shaded.
- (5) Other proposed changes include amendments to the effective date, basis for conclusions and minor amendments to the wording (paragraph 10 of IFRS 7 as indicated in paragraph 10 of the Standard, paragraph 12-4 of the Standard, and paragraph 15-4 of the Standard). These proposed changes are also shaded.
- (6) In the reference table, among the abovementioned items, comparisons are not displayed for the replacement from IFRS 9 (2013) to IFRS 9 (2014) described in (3) except for the first sentence in paragraph 4 of the Standard and not for minor amendments to the wording (paragraph 4-2 of the Standard, paragraph 5 of the Standard, paragraph 6-2 of the Standard, paragraph 6-3 of the Standard and paragraph 10 of IFRS 7 as indicated in paragraph 10 of the Standard).

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Exposure draft	Current
<p><b>Japan's Modified International Standards (JMIS): Accounting Standards Comprising IFRSs and the ASBJ Modifications</b></p> <p><b>ASBJ Modification Accounting Standard No. 2 Accounting for Other Comprehensive Income</b></p> <p style="text-align: right;">30 June 2015 Amended 25 July 2016 Amended 31 October 2017 Last Amended DD MMMM YYYY Accounting Standards Board of Japan</p>	<p><b>Japan's Modified International Standards (JMIS): Accounting Standards Comprising IFRSs and the ASBJ Modifications</b></p> <p><b>ASBJ Modification Accounting Standard No. 2 Accounting for Other Comprehensive Income</b></p> <p style="text-align: right;">30 June 2015 Amended 25 July 2016 Last Amended 31 October 2017 Accounting Standards Board of Japan</p>
<p><b>Accounting Standard Accounting Changes in the fair value of investments in equity instruments measured at fair value through other comprehensive income</b></p> <p>4. 'Deletions or modifications' shall be made to the requirements regarding the accounting for changes in the fair value of investments in equity instruments measured at fair value through other comprehensive income in IFRS 9 <i>Financial Instruments</i> (2014) ('IFRS 9 (2014)') in the following manner (new text is underlined and deleted text is struck through):</p> <p>J-5.7.6C <u>In addition to the types of events listed in the description of the term "credit-impaired financial asset" of Appendix A of IFRS 9, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with adverse effects that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also</u></p>	<p><b>Accounting Standard Accounting Changes in the fair value of investments in equity instruments measured at fair value through other comprehensive income</b></p> <p>4. 'Deletions or modifications' shall be made to the requirements regarding the accounting for changes in the fair value of investments in equity instruments measured at fair value through other comprehensive income in IFRS 9 <i>Financial Instruments</i> (2013) ('IFRS 9 (2013)') in the following manner (new text is underlined and deleted text is struck through):</p> <p>J-5.7.6C <u>In addition to the types of events listed in paragraph 59 of IAS 39, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with adverse effects that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also</u></p>

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<u>objective evidence of impairment.</u>	<u>objective evidence of impairment.</u>
<p><b>Disclosure</b></p> <p><b>Changes in the fair value of investments in equity instruments measured at fair value through other comprehensive income</b></p> <p>9. ‘Deletions or modifications’ shall be made to the requirements regarding the disclosure of changes in the fair value of investments in equity instruments measured at fair value through other comprehensive income in IFRS 7 <i>Financial Instruments: Disclosures</i> in the following manner (new text is underlined and deleted text is struck through):</p> <p>20 An entity shall disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:</p> <p>(a) net gains or net losses on:</p> <p>...</p> <p>(vii) investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9, <u>showing separately the amount of gains or losses recognised in other comprehensive income during the period and the amount reclassified from accumulated other comprehensive income to profit or loss during the period.</u></p>	<p><b>Disclosure</b></p> <p><b>Changes in the fair value of investments in equity instruments measured at fair value through other comprehensive income</b></p> <p>9. ‘Deletions or modifications’ shall be made to the requirements regarding the disclosure of changes in the fair value of investments in equity instruments measured at fair value through other comprehensive income in IFRS 7 <i>Financial Instruments: Disclosures</i> in the following manner (new text is underlined and deleted text is struck through):</p> <p>20 An entity shall disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:</p> <p>(a) net gains or net losses on:</p> <p>...</p> <p>(vii) <u>investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9</u><del>financial assets measured at fair value through other comprehensive income,</del> <u>showing separately the amount of gains or losses recognised in other comprehensive income during the period and the amount reclassified from accumulated other comprehensive income to profit or loss during the period.</u></p>

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<b>Changes in the fair value of financial liabilities measured at fair value through profit or loss attributed to the changes in the issuer's own credit risk</b>	<b>Changes in the fair value of financial liabilities measured at fair value through profit or loss attributed to the changes in the issuer's own credit risk</b>
<p>10. 'Deletions or modifications' shall be made to the requirements regarding the disclosure of changes in the fair value of financial liabilities measured at fair value through profit or loss attributed to the changes in the issuer's own credit risk in IFRS 7 in the following manner (new text is underlined and deleted text is struck through):</p> <p>20 An entity shall disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:</p> <p>(a) net gains or net losses on:</p> <p>(i) financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9, and those on financial assets or financial liabilities that are mandatorily measured at fair value through profit or loss in accordance with IFRS 9 (eg financial liabilities that meet the definition of held for trading in IFRS 9). For financial liabilities designated as at fair value through profit or loss, an entity shall show separately the amount of gain or loss recognised in other comprehensive income, <del>and the amount recognised in profit or loss and the amount reclassified from accumulated other comprehensive income to profit or loss during the period.</del></p>	<p>10. 'Deletions or modifications' shall be made to the requirements regarding the disclosure of changes in the fair value of financial liabilities measured at fair value through profit or loss attributed to the changes in the issuer's own credit risk in IFRS 7 in the following manner (new text is underlined and deleted text is struck through):</p> <p>20 An entity shall disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:</p> <p>(a) net gains or net losses on:</p> <p>(i) financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9, and those on financial assets or financial liabilities that are mandatorily measured at fair value <u>through profit or loss</u> in accordance with IFRS 9 (eg financial liabilities that meet the definition of held for trading in IFRS 9). For financial liabilities designated as at fair value through profit or loss, an entity shall show separately the amount of gain or loss recognised in other comprehensive income, <del>and</del> the amount recognised in profit or loss <del>and the amount reclassified from accumulated other comprehensive income to profit or loss during the period.</del></p>

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<p><b>Effective Date</b></p> <p>12-4. An entity shall apply this Standard as amended in MMMM YYYY (the ‘YYYY Amendments’) to consolidated financial statements for annual periods which IFRS 9 (2014) listed in Appendix 1 of <i>Application of “Japan’s Modified International Standards”</i> as amended in MMMM YYYY is first applied. Regarding quarterly financial reporting, an entity shall apply the YYYY Amendments to consolidated interim financial statements from the first quarter of that annual period.</p>	<p><b>Effective Date</b></p> <p>[Added]</p>
<p><b>Basis for Conclusions</b> <b>History of the project</b></p> <p>15-4. The YYYY Amendments did not make any ‘deletions or modifications’ regarding non-recycling in the endorsement process, but the YYYY Amendments amended the wordings of the requirements subject to ‘deletions or modifications’ as well as their Japanese translations in order to reflect the amendments made by IFRS 9 (2014).</p>	<p><b>Basis for Conclusions</b> <b>History of the project</b></p> <p>[Added]</p>