Swiss Comments to

Exposure Draft 62 Financial Instruments

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1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation).
The SRS-CSPCP has discussed the *ED 62 Financial Instruments* and comments as follows.

2. General Remarks

In principle, the SRS-CSPCP rates the convergence of the IPSASs with the IFRS Standards positively. It also welcomes the fact that with the new standard certain simplifications in the field of financial instruments are introduced. This includes the fact that the IPSAS clarifies that in certain circumstances the effective interest method may not be applied for the valuation of financial instruments. Instead the premium/discount may be spread over the duration.
The SRS-CSPCP also welcomes the provision of new examples, which help to do justice to the context of the public sector and better to understand the issue, which in some case is complex.
The SRS-CSPCP is aware that the IPSASB is open to the possibility to value not saleable participations at cost. This is actually a possibility illustrated in the examples. However, the Committee would welcome if the future standards should explicitly provision that such participations must not be reported at fair value but at cost.

3. Specific Matter for Comment 1

Consistent with the relief provided in IFRS 9, the IPSASB has agreed in [draft] IPSAS [X] (ED 62) to allow an option for entities to continue to apply the IPSAS 29 hedging requirements. Do you agree with the IPSASB's proposal?

The SRS-CSPCP agrees with the IPSASB's proposal.

4. Specific Matter for Comment 2

The IPSASB recognizes that transition to the new standard [draft] IPSAS [X] (ED 62) may present implementation challenges as a result of the number of significant changes proposed. Therefore, the IPSASB intends to provide a 3 year implementation period until [draft] IPSAS [X] (ED 62) is effective (early adoption will be permitted). Do you agree with the proposed 3-year implementation period before [draft] IPSAS [X] (ED 62) becomes mandatory? Please explain.

The SRS-CSPCP agrees with the proposed implementation period of 3 years.

5. Specific Matter for Comment 3

Do you agree with the proposed transition requirements in paragraphs 153-180, consistent with those provided in IFRS 9? If not, what specific changes do you recommend and why?

The SRS-CSPCP agrees with the proposed transition requirements.

Lausanne, December 14, 2017