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Hong Kong Institute of Certified Public Accountants  
37<sup>th</sup> Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

(Attn: Ms Christina Ng, Head of Financial Reporting)

Dear Ms Ng,

**Invitation to Comment on IASB Exposure Draft ED/2015/11**  
***Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts***  
***(Proposed amendments to IFRS 4)***

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I refer to your letter of 14 December 2015 inviting us to comment on the captioned consultation document.

We have carefully studied it and have the following comments:

For question 4, as the quantitative threshold for determining dominance of activities under temporary exemption is left to the decision / discretion of the reporting entities, the IASB should provide more details on this threshold besides the example of "three-quarters of an entity's liabilities being liabilities arising from contracts within the scope of IFRS 4 should not qualify" in the final document.

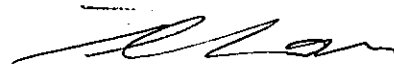
Furthermore, it is worthy to note that there are a number of insurers in Hong Kong that focus mainly on underwriting investment-linked insurance contracts. Under HKFRS, these amounts would be classified as investment contracts liabilities and not as insurance contracts liabilities. Therefore, these insurers would unlikely be qualified for temporary exemption. We would appreciate if the IASB could address this discrepancy and consider providing short-term leeway for these insurers to be qualified for temporary exemption.

Apart from the above, we do not have comments on other questions.

Taking this opportunity, we would like to share our views with the HKICPA regarding the overall project to replace IFRS 4 with a new insurance contracts standard. We presume that insurers in Hong Kong may have varying views and actions to adopt the new insurance contracts standard. We understand that HKICPA will continue to consult the local insurance industry, and in this connection, we appreciate it that the HKICPA could share the local responses towards the new insurance contracts standard and keep us informed of the overall progress.

Thank you for giving us the opportunity to comment on the consultation document.

Yours sincerely,



(Tony Chan)

for Commissioner of Insurance