



**Australian Government**  
**Australian Accounting  
Standards Board**

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23 May 2017

Hans Hoogervorst  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear Hans

***IASB ED/2017/3 Prepayment Features with Negative Compensation***

The Australian Accounting Standards Board (AASB) welcomes the opportunity to provide comments on IASB ED/2017/3 *Prepayment Features with Negative Compensation* ('the ED'). In formulating its comments, the AASB sought and considered the views of Australian constituents through comment letters and other consultation. The comment letters received are published on the AASB's website.

The AASB is supportive of the IASB undertaking this project and agrees that the amendments should be finalised in time for the mandatory application date of IFRS 9 *Financial Instruments*. The AASB has noted broad support for the amendments in Australia, which is further highlighted by the fact that no major concerns have been brought to the AASB's attention.

The AASB notes that the proposed amendments only address the accounting of financial instruments that are originated and not those that might be acquired (either individually or through a business combination). While it would be desirable for the amendments to address the accounting for financial instruments that are originated and acquired, the AASB accepts that any amendments should be available in time for the mandatory application date of IFRS 9.

If you have queries regarding any matters raised above, please contact me or Shaun Steenkamp ([ssteenkamp@asb.gov.au](mailto:ssteenkamp@asb.gov.au)).

Yours sincerely,

A handwritten signature in blue ink that reads "K. E. Peach".

Kris Peach  
Chair and CEO