
Buenos Aires, Argentina, November 10, 2021

**IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom**

REF: IFRS IC Tentative Agenda Decisions reached in the September 14 and 15, 2021 meeting

Dear Board Members,

The “Group of Latin American Standards Setters”¹ (GLASS) appreciates the opportunity to comment on the Tentative Agenda Decisions (TAD) reached by the IFRS IC during its meeting on September 14 and 15, 2021, which included the following topic:

- **Cash Received via Electronic Transfer as Settlement for a Financial Asset (IFRS 9, Financial Instruments)**

This response summarizes the points of view of the members of the different countries that comprise GLASS, pursuant to the following due process.

Due process

The discussions regarding the TAD of IFRS IC were held within a specified Permanent Technical Commission (PTC) created in December 2020. All GLASS country-members had the opportunity to appoint at least one member to participate in this PTC. Each standard setter represented in GLASS has undertaken different tasks in their respective countries (e.g., surveys, internal working groups). All results were summarized, and this summary was the platform for GLASS discussion process.

GLASS discussed the different points of view included in the summary through emails exchange between its members. In those emails GLASS developed a final document on the basis of the consensual responses and the technical points of view of its members. Finally, the GLASS document was submitted to and approved by the GLASS Board.

Comments:

GLASS agrees that in the situation described, the entity receiving the transfer should derecognize the trade receivable on the date on which its contractual rights to the cash flows from the trade receivable expire; it

¹ The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts issued by the IASB. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Chairman), Bolivia, Brazil (Board), Chile (Board), Colombia (Board), Costa Rica (Board), Ecuador, Guatemala, Honduras, Mexico (Vice Chairman), Panama, Paraguay, Peru (Board), Dominican Republic, Uruguay (Board) and Venezuela (Board).

should simultaneously recognize the cash transferred as settlement for that trade receivable when such cash is actually received.

However, some members have expressed concern about the non-existence of a “mirror” recognition in the accounting of the paying entity, which will surely derecognize the cash and the cancellation of the corresponding liability upon initiation of the transfer, which means that the cash will not appear in the financial statements of either party to the transaction until received by the holder of the account receivable. This aspect, in GLASS' opinion, merits being addressed by the IFRS IC, including a definition of its applicability.

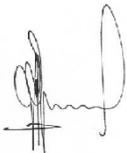
We also agree that it is not necessary for the topic to be included as an agenda item for the IASB and that it is appropriate for a response to be made explicit through the Agenda Decision (AD) process about the reasoning to be used and therefore the application of an adequate accounting treatment of the subject.

It is also agreed that the AD should provide the appropriate bases to determine when to derecognize a trade receivable and to recognize cash received via an electronic transfer system as settlement for that receivable.

Contact

If you have any questions about our comments, please contact glenif@glenif.org.

Sincerely yours,



Jorge José Gil
Chairman
Group of Latin American Accounting Standard Setters (GLASS)