

**COMMENTS ON EXPOSURE DRAFT ON FINANCIAL INSTRUMENTS WITH
CHARACTERISTICS OF EQUITY**

Question 1 - The effect of relevant laws and regulations.

We agree with the proposal.

The board made it easier to understand which deals count as Financial Instruments (FIs). Before, any agreement was seen as an FI, but now, only the ones backed by the law or regulations are considered. This change helps narrow down the types of transactions that qualify as financial assets. This will also help in building confidence and sense of reliability in the users of financial statements.

Question 5 - Shareholder Discretion.

We agree with the proposal put forward by the Board.

The consideration of the factors as proposed by board will result as persuasive evidence while classifying a Financial Instrument as Financial Liability or Equity accordingly, thus leading to a more appropriate disclosure in the books. The list of factors provided by the board is not exhaustive and subjective depending on the facts and circumstances of case. Therefore, it is advised that a more detailed and relevant guidance should be given to the users for the smooth application of the proposed amendment.