The Mazars Insight series on IFRS aim at helping preparers, users and auditors of financial statements develop their theoretical and practical understanding of IFRSs. Our objective is to provide our readers, whether beginners or experts, with useful tools which provide clarity and insight on the challenging issues that may be encountered when applying IFRSs. Concepts are explained in a pedagogical way and illustrated by numerous practical examples.

This IFRS Insight addresses the accounting for financial instruments under IFRS. It draws on several relevant IFRS standards to tackle, in one manual, the entire range of challenges related to financial instruments among which: recognition and derecognition, classification and measurement, impairment for credit risk, derivatives and hedging, and related disclosures. It includes all the new requirements introduced by IFRS 9 and the related amendments to other standards such as IFRS 7.

After a two-pager providing an overview of IFRS requirements for financial instruments in 10 key points, a table of content shows the list of chapters. Each chapter starts with a detailed table of content to direct readers straight to the topic they are searching for. Many cross references have been inserted for improved reading experience. We draw specific attention to chapter 2 which comprises the definitions and the list of abbreviations and acronyms used in this manual.

Our special thanks are addressed to the international team of authors who contributed to this manual: Egle Mockaityte, Florence Michel, Heike Hartenberger, Mohamed Taghia and Nicolas Millot. Additional thanks go to Isabelle Grauer-Gaynor, Marie Fossat and Marion Platevoet for their precious help in finalising this publication.

Vincent Guillard
IFRS Lead Partner for Financial Instruments
10 KEY POINTS TO REMEMBER

1. Scope
The accounting treatment of financial instruments under IFRS is defined by several standards. IFRS 9 – *Financial Instruments* provides requirements for recognition and derecognition, classification, measurement (including impairment) and hedge accounting. IAS 32 – *Financial Instruments: Presentation* provides principles for distinguishing issued debt and equity instruments as well as requirements for offsetting financial assets and financial liabilities. IFRS 7 – *Financial Instruments: Disclosures* deals with most of the disclosure requirements, and IFRS 13 – *Fair Value Measurement* provides guidance on fair value measurement and related disclosure requirements. Each of these standards has specific scope exclusions, even for items that meet the definition of financial instruments. (see chapter 1)

2. Initial recognition
All financial instruments are initially recognised when the entity becomes party to the contract. Financial assets or liabilities are initially measured at their fair value plus or minus transaction costs, except financial instruments classified at FV-PL for which transaction costs are directly expensed into profit or loss. However, trade receivables are initially measured at their transaction price if they do not contain a significant financing component in accordance with IFRS 15. When the transaction price differs from the initial fair value of that financial instrument, a so-called “day one gain or loss” may need to be recognised upon initial recognition in profit or loss. (see chapter 6)

3. Classification of financial assets
Financial assets whose contractual cash flows are Solely Payments of Principal and Interest (the SPPI test) will be classified in accordance with the entity’s business model for managing the asset: Amortised Cost if they are subject to a Hold-To-Collect business model, FV-OCI if they are held within a Hold-To-Collect-and-Sell business model, or FV-PL in any other situation. Financial assets that do not pass the SPPI test (e.g. derivatives and equity instruments) must be classified in the FV-PL category, except for some equity instruments which the entity may irrevocably classify in FV-OCI-NR.

Subsequent reclassifications are limited to SPPI financial assets, upon a change in the entity’s business model and are thus expected to be very infrequent.

Subject to specific conditions (e.g. when a situation of an accounting mismatch would otherwise arise), an entity may irrevocably classify any financial asset as measured at FV-PL upon initial recognition. (see chapter 7)

4. Impairment for expected credit losses
Entities must recognise an allowance for expected credit losses for all financial assets classified in the Amortised Cost or FV-OCI category, as well as for most loan commitments and financial guarantees issued. Upon initial recognition of the instrument, the loss allowance is equal to the credit losses that the entity expects as a result from default events occurring within the next 12 months (12MECL). This amount is updated at each reporting date. When a Significant Increase in the Credit Risk (SICR) of the asset is identified, the loss allowance must be measured at an amount equal to the credit losses that the entity expects to occur over the full remaining life of the asset (LTECL).

Purchased or originated credit-impaired (POCI) assets (i.e. assets with existing incurred credit losses upon initial recognition) follow a separate impairment and revenue recognition model.
A simplified expected credit loss impairment approach is mandatory for short term trade receivables and contract assets, and optional for other trade receivables and contract assets, and lease receivables. (see chapter 9).

5. Classification of financial liabilities

Most financial liabilities are classified in the Amortised Cost category unless they are held for trading, or meet the conditions for a voluntarily classification in the FV-PL category upon their initial recognition. (see chapter 8)

6. Debt vs. Equity

Financial instruments issued that are in the scope of IAS 32 must be analysed to determine whether they meet the definition of an equity instrument or that of a financial liability. An instrument is generally classified as a financial liability if it requires the entity either to deliver cash or another financial asset, or to deliver a variable number of its own equity instruments. A derivative may qualify as an equity instrument if it will be settled only by the issuer exchanging a fixed amount of cash for a fixed number of own equity instruments. Compound instruments contain both a liability and an equity component which must be accounted for separately.

7. Embedded derivatives

Derivative instruments may be either stand-alone contracts, or a feature embedded in a financial liability host contract or a non-financial host contract. Embedded derivatives must be bifurcated and accounted for separately as a stand-alone derivative if they are not economically closely related to their host contract. (see chapter 13)

8. Hedge accounting

Under IAS 39 and IFRS 9, most derivatives are by default measured at FV-PL whereas non-derivative financial assets and financial liabilities are often measured at amortised cost or FV-OCI. This situation may trigger accounting mismatches in profit or loss despite a proper economic offset between the hedging derivative and the hedged exposure. To better reflect the hedging strategy of the entity, IFRS 9 provides specific and optional accounting treatments for hedging relationships. The accounting impact depends on the nature of the hedging relationship (fair value hedge, cash flow hedge or net investment hedge). Hedge accounting is subject to eligibility, effectiveness and documentation -related conditions. (see chapter 14)

9. Derecognition

A financial asset is derecognised when and only when the contractual rights to the cash flows expire, or when the asset is transferred and this transfer meets the derecognition requirements. This test relies mainly on two criteria: the transfer of the contractual rights to the cash flows, and the transfer of the risks and rewards of ownership of the financial asset.

A financial liability is removed from the statement of financial position when it is extinguished. An exchange or modification of debt instruments, between an existing lender and borrower, is considered as an extinguishment of the original instrument if the terms of the original and the “new” instrument are substantially different.

10. Disclosures on financial instruments

The disclosure requirements aim at enabling the users to assess the significance of financial instruments for the entity, the nature and extent of risks arising from them, and how the entity manages those risks. (see chapter 16)
MAZARS INSIGHTS ON FINANCIAL INSTRUMENTS

▸ CHAPTER 1: Scope of standards applicable to financial instruments ........................................ 05

▸ CHAPTER 2: Definitions, acronyms and abbreviations used......................................................... 23

▸ CHAPTER 4: Amortised cost............................................................................................................ 35

▸ CHAPTER 6: Recognition and Initial measurement ........................................................................ 51

▸ CHAPTER 7: Classification of financial assets ................................................................................ 65

▸ CHAPTER 8: Classification of financial liabilities........................................................................ 105

▸ CHAPTER 9: Subsequent measurement of financial instruments (including impairment) ............... 117

▸ CHAPTER 13: Derivatives and embedded derivatives ..................................................................... 197

▸ CHAPTER 14: Hedge accounting under IFRS 9............................................................................ 235

▸ CHAPTER 16: Disclosures about financial instruments................................................................. 287
CHAPTER 8
CLASSIFICATION OF FINANCIAL LIABILITIES
# TABLE OF CONTENTS

8.1. Overview .............................................................................................................................................. 108

8.2. Financial liabilities measured at amortised cost ............................................................................. 108

8.3. Financial liabilities measured at fair value through profit or loss ................................................. 108
   8.3.1. General principles ........................................................................................................................................ 108
   8.3.2. Financial liabilities held for trading ........................................................................................................ 109
   8.3.3. Designation of financial liabilities at fair value through profit or loss .................................................... 109
      8.3.3.1. Scope of the “fair value option” for financial liabilities ............................................................ 109
      8.3.3.2. Presentation in OCI of the changes in fair value attributable to changes in credit risk .. 110
         8.3.3.2.1. Main principle ................................................................................................................................................. 110
         8.3.3.2.2. Cases when the main principle isn’t applied .......................................................................................... 110
         8.3.3.2.3. Definition of change in value attributable to change in credit risk ................................................... 110
   8.3.4. Contingent consideration recognised by an acquirer in a business combination .................. 113

8.4. Specific cases ..................................................................................................................................... 113
   8.4.1. Financial liabilities arising from a transfer of a financial asset or a continuing involvement ..... 113
   8.4.2. Financial guarantee contracts ............................................................................................................. 114
   8.4.3. Commitments to provide a loan at a below-market interest rate ..................................................... 114

8.5. Reclassifications ..................................................................................................................................... 115
8.1. Overview

As pointed out in chapter 6, when an entity first recognises a financial liability, it must classify it either at amortised cost or at fair value through profit or loss (IFRS 9.4.2.1). This chapter will present the principles that determine in which category a financial liability must be classified for subsequent measurement.

This chapter will also set out some cases that do not belong to the two categories above, for which specific measurement requirements apply and that are specifically addressed in IFRS 9. It will however not deal with financial liabilities in a context of hedge accounting issues as this topic is already covered by a dedicated chapter (see chapter 14).

It will also address the possibility (or not) to reclassify financial liabilities from one accounting category to another.

8.2. Financial liabilities measured at amortised cost

As a general principle, all financial liabilities are supposed to be classified initially and subsequently measured at amortised cost (IFRS 9.4.2.1 and IFRS 9.5.3.1), except those held for trading or voluntarily designated at FV-PL. Measurement of financial liabilities at amortised cost requires the use of the effective interest rate method in the same way as for financial assets measured at amortised cost (see chapter 4).

8.3. Financial liabilities measured at fair value through profit or loss

8.3.1. General principles

Any financial liability not classified by default in the amortised cost category is classified and subsequently measured at fair value through profit or loss (FV-PL).

This classification must be split into three different sub-categories that must be considered separately because their disclosure and presentation requirements are different (see sections 16.6.1.1 and 16.6.1.2):

— financial liabilities held for trading;
— financial liabilities designated at fair value through profit or loss (“fair value option”); and
— financial liabilities designated at fair value through profit or loss in the context of a credit risk management based on credit derivatives measured at FV-PL. This designation is further detailed in section 14.1.2.3.

Any change in fair value of a financial liability at FV-PL must be recognised in profit or loss. However, for financial liabilities designated at FV-PL by option, changes in fair value of the liability caused by changes in own credit risk may be recognised in other comprehensive income (IFRS 9.5.7.1). This exception is further detailed in section 8.3.3.2.
8.3.2. Financial liabilities held for trading

A financial liability must be classified and measured at fair value through profit or loss if it meets the definition of held for trading. Appendix A of IFRS 9 defines a financial instrument as held for trading if it meets one of the following conditions:

— the instrument is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

— on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

> the implementation guidance of IFRS 9 states that if there is evidence of a recent actual pattern of short-term profit-taking on financial instruments included in such a portfolio, those financial instruments qualify as held for trading even though an individual financial instrument may in fact be held for a longer period of time (IFRS 9.IG.B.11);

— it is a derivative (except for a derivative that is a financial guarantee contract, see section 8.4.2, or a designated and effective hedging instrument, see chapter 14).

The fact that a liability is used to fund trading activities does not in itself make that liability one that is held for trading (IFRS 9.BA.8).

8.3.3. Designation of financial liabilities at fair value through profit or loss

8.3.3.1. Scope of the “fair value option” for financial liabilities

An entity has the possibility to voluntarily designate a financial liability at fair value through profit or loss that would have been classified at amortised cost otherwise. This fair value option can be applied only at initial recognition to the liability and is irrevocable (IFRS 9.4.2.2).

This option can be applied to the financial liability only in one of the following circumstances:

— it eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise because assets or liabilities that are economically related are measured on different bases. This option is similar to the option applicable to financial assets. Please refer to section 7.4.5 for more details; or

— a group of financial liabilities (or financial assets and financial liabilities) is managed and its performance is assessed on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity’s key management personnel (as defined in IAS 24 - Related Party Disclosures), for example, the entity’s board of directors and chief executive officer;

— the financial liability is a hybrid contract that contains a host that is not an asset within the scope of this standard unless:

> the embedded derivative does not significantly modify the cash flows of the contract; or

> It is clear with little or no analysis that the separation of the embedded derivative is prohibited (see section 13.3.4 for more details on hybrid contracts and embedded derivatives).
The decision to designate a financial liability as at FV-PL is similar to an accounting policy choice, but is not required to be applied consistently to all similar transactions. In other words, it can be applied on an instrument-by-instrument basis. However, the application of the fair value option must result in reliable and more relevant information. This means that the entity must demonstrate that it falls within one or more circumstances mentioned above (IFRS 9.B4.1.28).

8.3.3.2. Presentation in OCI of the changes in fair value attributable to changes in credit risk

8.3.3.2.1. Main principle

As set out above, changes in the fair value of a financial liability at FV-PL are generally recognised in profit or loss.

The amount of changes in fair value that is attributable to changes in the credit risk of a liability for which the “fair value option” is applied stands as an exception because such changes must be recognised in other comprehensive income rather than in profit or loss. The remaining amount of changes in the fair value of the liability is still presented in profit or loss (IFRS 9.5.7.7).

8.3.3.2.2. Cases when the main principle isn’t applied

Presentation in OCI of the amount of changes in fair value that is attributable to changes in the credit risk shall not be applied to financial liabilities for which the “fair value option” is applied if:

- it creates or increases an accounting mismatch: in such a situation, the entity must present all gains or losses on that liability in profit or loss, including the effects of changes in the credit risk of that liability (IFRS 9.5.7.8);
- the liability designated at FV-PL is either a loan commitment or a financial guarantee contract: for these financial instruments, all gains and losses must be presented in profit or loss (IFRS 9.5.7.9).

In such cases, the full change in fair value of the financial liability shall be recognised in the profit or loss of the period.

8.3.3.2.3. Definition of change in value attributable to change in credit risk

According to the definition provided by IFRS 7, credit risk is “the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation” (see section 16.7). For a financial liability, it relates to the risk that the issuer will fail to pay that specific liability. It does not necessarily relate to the creditworthiness of the issuer. For example, if an entity issues a collateralised liability and a non-collateralised liability that are otherwise identical, the credit risk of those two liabilities will be different, even though they are issued by the same entity. The credit risk on the collateralised liability will be less than the credit risk of the non-collateralised liability. The credit risk for a collateralised liability may be close to zero (IFRS 9.B5.7.13).

IFRS 9 makes the distinction between credit risk and asset-specific performance risk. Asset-specific performance risk is not related to the risk that an entity will fail to discharge a particular obligation but instead it is related to the risk that a single asset or a group of assets will perform poorly (or not at all)
(IFRS 9.B5.7.14). The following are examples of asset-specific performance risk (IFRS 9.B5.7.15):

— a liability with unit-linking features whereby the amount due to investors is contractually determined on the basis of the performance of specified assets;

— a liability issued by a structured entity with the following characteristics:
  > the entity is legally isolated so the assets in the entity are ring-fenced solely for the benefit of its investors, even in the event of bankruptcy; and
  > the entity enters into no other transactions and the assets in the entity cannot be mortgaged. Amounts are due to the entity’s investors only if the ring-fenced assets generate cash flows. Thus, changes in the fair value of the liability primarily reflect changes in the fair value of the assets.

IFRS 9 provides additional guidance to determine whether the changes in the fair value of a liability are attributable to a change in the credit risk. According to IFRS 9.B5.7.16, an entity must determine this change either:

— as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk;

> changes in market conditions that give rise to market risk include changes in a benchmark interest rate, the price of another entity’s financial instrument, a commodity price, a foreign exchange rate or an index of prices or rates (IFRS 9.B5.7.17); this definition is consistent with the definition of market risk given in IFRS 7 (see section 16.7 for further details on market risk definitions);

> if the only significant relevant changes in market conditions for a liability are changes in an observed (benchmark) interest rate, the amount of the changes in credit risk can be estimated as follows (IFRS 9.B5.7.18):

  – first, the entity computes the liability’s internal rate of return at the start of the period using the fair value of the liability and the liability’s contractual cash flows at the start of the period. It deducts from this rate of return the observed (benchmark) interest rate at the start of the period, to arrive at an instrument-specific component of the internal rate of return;
  
  – next, the entity calculates the present value of the cash flows associated with the liability using the liability’s contractual cash flows at the end of the period and a discount rate equal to the sum of (i) the observed (benchmark) interest rate at the end of the period and (ii) the instrument-specific component of the internal rate of return as determined in the previous step;
  
  – the difference between the fair value of the liability at the end of the period and the amount determined in the second step is the change in fair value that is not attributable to changes in the observed (benchmark) interest rate and is the amount to be presented in other comprehensive income.

— or using an alternative method the entity believes more representative of the changes in credit risk.
The first method assumes that changes in the fair value arising from factors other than changes in credit risk or changes in the observed (benchmark) interest rates are not significant. If this assumption is false, this first method is not appropriate, and the entity must use an alternative method to measure the changes in credit risk (IFRS 9.B5.7.19).

As with all fair value measurements, the method used by an entity to determine the portion of the change in a liability’s fair value that is attributable to changes in its credit risk must make maximum use of observable inputs and minimum use of unobservable inputs (IFRS 9.B5.7.20).

The first method is illustrated by the following illustrative example (IFRS 9.IE1 to IFRS 9.IE5).

**Example 8.1**

On 1 January 20X1 an entity issues a 10-year bond with a par value of CU150,000 and an annual fixed coupon rate of 8%, which is consistent with market rates for bonds with similar characteristics.

The entity uses LIBOR as its observable (benchmark) interest rate. At the date of inception of the bond, LIBOR is 5%. At the end of the first year:

- LIBOR has decreased to 4.75%;
- the fair value for the bond is CU153,811, consistent with an interest rate of 7.6%.

This reflects a shift in LIBOR from 5% to 4.75% and a movement of 0.15% which, in the absence of other relevant changes in market conditions, is assumed to reflect changes in credit risk of the instrument.

The entity assumes a flat yield curve, all changes in interest rates result from a parallel shift in the yield curve, and the changes in LIBOR are the only relevant changes in market conditions.

The entity estimates the amount of change in the fair value of the bond that is not attributable to changes in market conditions that give rise to market risk as follows:

**Step 1:** at the start of the period of a 10-year bond with a coupon of 8%, the bond’s internal rate of return is 8%. Because the observed (benchmark) interest rate (LIBOR) is 5%, the instrument-specific component of the internal rate of return is 3%.

**Step 2:** the contractual cash flows of the instrument at the end of the period are:
- interest: CU12,000 per year for each of years 2–10 [CU150,000 × 8% = CU12,000];
- principal: CU150,000 in year 10.

The discount rate to be used to calculate the present value of the bond is thus 7.75%, which is the end of period LIBOR rate of 4.75%, plus the 3% instrument-specific component.

This gives a present value of CU152,367:

\[
PV = \frac{CU12,000 \times (1 - (1 + 0.0775)^{-9})}{0.0775} + CU150,000 \times (1 + 0.0775)^{-9}.
\]

**Step 3:** the market price of the liability at the end of the period is,

\[
CU153,811 = [CU12,000 \times (1 - (1 + 0.076)^{-9})/0.076] + CU150,000 \times (1 + 0.076)^{-9}.
\]

Thus, the entity presents CU1,444 in other comprehensive income, which is CU153,811 – CU152,367, as the increase in fair value of the bond that is not attributable to changes in market conditions that give rise to market risk.
Benchmark interest rates are not defined by IFRS 9. In our view, it may concern risk free rates as well as interbank offered rates ("IBOR") such as Libor, Euribor, or overnight interest rates (e.g. EONIA). This variety may lead to potential difficulties to isolate credit risk component in the changes of the fair value of a liability, because some interest rates may not include such a component ("risk free rates") whereas others do (e.g. Libor or Euribor).

In our opinion, only the changes attributable to the credit risk that is specific to the issuer of the liability must be presented in OCI, which means that no specific restatement on benchmark interest rates should be performed, regardless of whether they already include another credit risk component that is entity-specific or not.

### 8.3.4. Contingent consideration recognised by an acquirer in a business combination

When a contingent consideration is recognised as a liability by an acquirer in a business combination (to which IFRS 3 applies), this liability must subsequently be measured at FV-PL (IFRS 9.4.2.1(e)).

This category of instrument is measured in the same way as a financial liability at FV-PL in IFRS 9, but is considered separately because such items may differ from a financial liability at FV-PL as defined in IFRS 9. The main differences with a financial liability at FV-PL that is in the scope of IFRS 9 are that (IFRS 3.58):

- changes in the fair value of a contingent consideration can occur after the acquisition date and result from facts and circumstances that existed at the acquisition date: such changes are in the scope of IFRS 3 as 'measurement period adjustments' and not covered in this handbook;
- contingent considerations can be classified as equity and thus do not fall into the scope of this chapter;
- contingent considerations, even if measured at FV-PL in accordance with IFRS 9, can be out of the scope of IFRS 9.

### 8.4. Specific cases

#### 8.4.1. Financial liabilities arising from a transfer of a financial asset or a continuing involvement

When an entity transfers a financial asset but neither retains nor transfers substantially all risks and rewards, it must continue to recognise the asset to the extent of its continuing involvement if it retains control of that asset (IFRS 9.3.2.16).

When an entity continues to recognise an asset to the extent of its continuing involvement, it also recognises an associated liability and measures it in such a way that the net carrying amount of the transferred asset and the associated liability is (IFRS 9.3.2.17):
— the amortised cost of the rights and obligations retained by the entity, if the transferred asset is measured at amortised cost; or
— equal to the fair value of the rights and obligations retained by the entity when measured on a stand-alone basis, if the transferred asset is measured at fair value.

The particularity of liabilities arising in the context of a continuing involvement is that the classification and measurement of such liabilities depend on the classification and measurement of the corresponding asset. Therefore, it is not possible to associate this category of liabilities either to amortised cost or to FV-PL as this classification may change according to the situation and the related asset that is accounted for as a continuing involvement. This connection between assets and liabilities, and the primacy of the measurement of the asset is underlined in IFRS 9.3.2.21: if a transferred asset is measured at amortised cost, the “fair value option” applicable to liabilities at FV-PL is not applicable to the liability part of the continuing involvement.

### 8.4.2. Financial guarantee contracts

In the case of a financial guarantee contract, the issuer of such a contract must, after its initial recognition (see section 9.2.4.2), subsequently measure it at the higher of (IFRS 9.4.2.1(c)):

— the amount of the loss allowance determined in accordance with impairment requirements of IFRS 9 (see chapter 9) and
— the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

This measurement requirement applies unless the issued financial guarantee contract is either:

— a financial liability at FV-PL (see section 8.3); or
— a financial liability arising because of a transfer of a financial asset or a continuing involvement (see section 8.4.1).

### 8.4.3. Commitments to provide a loan at a below-market interest rate

In the case of commitments to provide a loan at a below-market interest rate, the issuer of such a commitment must, after its initial recognition (see section 9.2.4.1), subsequently measure it at the higher of (IFRS 9.4.2.1(d)):

— the amount of the loss allowance determined in accordance with impairment requirements of IFRS 9 (see section 9.4); and
— the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

This subsequent measurement only applies if such commitments have not been classified as financial liabilities at fair value through profit or loss (IFRS 9.4.2.1(d)).
8.5. Reclassifications

It is not allowed to reclassify any financial liability as set out in IFRS 9.4.4.2, i.e. a financial liability classified and subsequently measured at amortised cost can never be transferred to the fair value category, and vice versa.

The following events or changes in circumstances would not be considered as reclassifications:

— if the fair value of a financial instrument (e.g. interest rate swap) previously classified as a financial asset at fair value through profit or loss becomes negative: in this situation, the financial asset becomes a financial liability at fair value through profit or loss (IFRS 9.B5.2.1);

— the designation as a hedging instrument (or the discontinuation of such designation) of derivatives that are financial liabilities at fair value through profit or loss in a cash flow hedge or net investment hedge (see chapter 14) (IFRS 9.4.4.3);

— changes in measurement if an entity chooses to apply the option to designate a credit exposure as measured at fair value through profit or loss (see section 14.1.2.3) (IFRS 9.4.4.3).