
TO : Issuers whose securities are admitted to trading on a regulated market

FROM : Cyprus Securities and Exchange Commission

DATE : 16 April 2020

CIRCULAR NO. : C383

SUBJECT : ESMA Public Statement - Accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9

The Cyprus Securities and Exchange Commission ('CySEC') wishes to draw the attention to Issuers whose securities are admitted to trading on the Cyprus Stock Exchange or on other regulated markets, to the [Public Statement](#) issued by the European Securities and Markets Authority ('ESMA'), with reference number ESMA32-63-951 and subject 'Accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9'.

The purpose of this Public Statement is to promote consistent application of International Financial Reporting Standards (IFRS) in the European Union (EU) and avoid divergence in practice on the application of IFRS 9 - Financial Instruments, in the specific context of the COVID-19 outbreak. The Public Statement addresses in particular the accounting implications of the measures taken or proposed by national governments and EU bodies to address the adverse systemic economic impact of the COVID-19.

In ESMA's view, the principles-based nature of IFRS 9 includes sufficient flexibility to faithfully reflect the specific circumstances of the COVID-19 outbreak and the associated public policy measures.

CySEC urges all Issuers and their auditors to take this Public Statement into due consideration.

ESMA, together with the National competent authorities including CySEC, will continue monitoring Issuers' application of IFRS 9 and in particular as regards the application of judgement in the current context.

The ESMA Public Statement is available in english, at CySEC's website at the section Regulated Entities/Issuers/European Securities & Markets Authority (ESMA) Publications/Public Statements.

Sincerely,

Demetra Kalogerou
Chairman Cyprus Securities and Exchange Commission