

From: [Klynton Hankin \(AU\)](#)
To: [James Grapsas](#)
Subject: ASIC Consultation Paper 336 - question on wording of proposed changes to PF209 and RG166
Date: Monday, 15 February 2021 12:31:45 PM

EXTERNAL EMAIL: Do not click any links or open any attachments unless you trust the sender and know the content is safe.

Dear James

We have read ASIC's proposal under Consultation Paper 336: *Financial requirements: Treatment of lease assets* (CP336) and had a matter that we hoped to clarify with you.

We understand the intent of the proposal under CP336 is to include right-of-use assets arising under AASB 16 in the calculation of Adjusted Assets. Said another way, right-of-use assets would not be considered an Excluded Asset.

However, in reviewing the proposed amendments to PF209 and RG166 (Table 2 under Paragraph 38 of CP336) it appears that the changes would actually incorporate the right-of-use asset in the definition of an Excluded Asset, and therefore exclude the right-of-use asset from the calculation of Adjusted Assets.

In contrast to PF209 and RG166, the legislative instruments (for example CO 13/760) contain the following wording immediately following sub-paragraph (d) in the definition of Excluded Assets: "*but, despite anything in the paragraphs above, does not include the following:*". In our view including "(e) a right-of-use asset arising under a lease." beneath this section would achieve the intent of CP336. That is, it would exclude right-of-use assets from the definition of Excluded Assets. The absence of this precursor wording in PF209 and RG166 therefore lead to the opposite treatment.

I apologise if that all sounds rather complicated with the use of double-negatives, but I would appreciate it if you were able to let us know whether we have, in fact, misinterpreted the proposed amendments set out in CP336.

If it is easier to talk through, please do not hesitate to call me on my mobile number below.

Kind regards
Klynton

Klynton Hankin
Partner | PwC Australia

One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000

This email is sent by PwC.

If you have received the email in error, please let us know immediately by contacting the sender. You must not continue to read the email or open or read any attachments once you become aware that the email has been sent to you in error and you must delete the email. Nor must you use, or disclose, or copy the email. We may seek your written undertaking that you have complied with these requirements. Confidentiality or legal privilege in any material in the email and any attachments, is not lost or waived by our mistaken disclosure to you. Our approach to privacy is set out in our Privacy Policy available at www.pwc.com.au/privacy. Any opinions or other information in this email that do not relate to the official business of PwC are neither given nor endorsed by it. If this email contains a

marketing message that you would prefer not to receive in the future please reply to the sender and copy your reply to au_privacy_officer_mbx@pwc.com with "unsubscribe" in the subject line".
Our liability is limited by a scheme approved under Professional Standards Legislation.