# IBOR reform – IFRS exposure draft issued

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## Users of hedge accounting have only a short time to comment on the proposed reliefs

### Highlights

- Proposals would provide targeted relief for users of hedge accounting
- Relief focuses on forward-looking hedge accounting requirements
- Have your say – Comment deadline is 17 June 2019*

**Preparers and users of financial statements have their first chance to respond to proposals to amend certain accounting requirements to address uncertainties related to the ongoing reform of interbank offered rates (IBOR).**

The International Accounting Standards Board's latest exposure draft (ED) – *Interest Rate Benchmark Reform* – follows its recent **discussions** about amending IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement*. It proposes targeted relief regarding financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

**"The ED addresses some important reporting issues for preparers and users of financial statements, but will they think the proposals go far enough? Stakeholders will need to shout out quickly if they believe the proposed reliefs are not adequate."**

Chris Spall,
Partner,
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### Focus on forward-looking requirements

The ED addresses critical issues regarding the impact of IBOR reform on the forward-looking requirements of hedge accounting. It proposes targeted relief to:

- the 'highly probable' requirement;
- prospective assessments of hedge effectiveness; and
- the eligibility of certain risk components.

The ED proposes that the relief would be mandatorily applied to all affected new and existing hedging relationships of interest rate risk.

### Have your say

The ED is open for comment until 17 June 2019*. We encourage preparers and users of financial statements to read the Board's decisions and provide their comments on the proposals to ensure that any concerns they have are communicated to the Board.

The Board intends to issue final amendments to IFRS 9 and IAS 39 at the end of this year. Issues affecting financial reporting after new benchmark rates are in effect will be addressed in the second phase of the Board's IBOR reform project.

Look out for further updates at IBOR reform and IFRS and speak to your usual KPMG contact to find out more about the Board's discussions.

* Read our **comment letter** to learn more about KPMG's position.

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