KPMG IFRG Limited
15 Canada Square
London E14 5GL
United Kingdom

Tel +44 (0) 20 7694 8871
Chris.spall@kpmgifrg.com

Mr. Hans Hoogervorst
International Accounting Standards Board
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Our ref CS/288

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Dear Mr. Hoogervorst

Comment letter on Exposure Draft ED/2020/1 Interest Rate Benchmark Reform – Phase 2: Proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

We appreciate the opportunity to comment on the International Accounting Standards Board's (the 'Board') Exposure Draft ED/2020/1 *Interest Rate Benchmark Reform – Phase 2:* Proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the 'ED'). We have consulted with, and this letter represents the views of, the KPMG network.

We support the Board's continuous swift efforts to respond to accounting challenges resulting from the planned market-wide reforms of interest rate benchmarks. We believe that the proposals in the ED largely achieve the objective of the project and support preparers in accounting for the impact of interest rate benchmark reform and providing useful information to users of financial statements about the effects of reform.

However, we are concerned that the structure of the proposals around modifications may create confusion as to how entities should account for the effects of changes in market interest rates in other circumstances. We also believe that limited changes should be made to the proposals on hedge accounting in order to more fully realise the objectives of the project and avoid diversity in practice.

The Appendix to this letter contains our detailed responses to the questions in the ED.

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Registered in England No 5253019
Registered office: 15 Canada Square, London, E14 5GL

Please contact Reinhard Dotzlaw, Chris Spall or Colin Martin on +44 (0) 20 7694 8871 if you wish to discuss any of the issues raised in this letter.

Yours sincerely

KPMG IFRG Limited

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Appendix

KPMG's responses to specific questions posed by the Board

Question 1 – Modifications of financial assets and financial liabilities (paragraphs 6.9.1–6.9.6 of the [Draft] amendments to IFRS 9, paragraphs 20R–20S and 50–51 of the [Draft] amendments to IFRS 4 and paragraphs 104–106 and C1A–C1B of the [Draft] amendments to IFRS 16)

Paragraphs 6.9.2–6.9.6 of the draft amendments to IFRS 9 propose that:

(a) a financial asset or financial liability would be modified if the basis for determining the contractual cash flows is changed after the initial recognition of the financial instrument. In this context, a modification can arise even if the contractual terms of the financial instrument are not amended.

(b) an entity would apply paragraph B5.4.5 of IFRS 9 as a practical expedient to account for a modification of a financial asset or financial liability that is required by interest rate benchmark reform.

(c) a modification is required by interest rate benchmark reform if and only if (i) it is required as a direct consequence of interest rate benchmark reform; and (ii) the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

(d) an entity would also apply the practical expedient proposed in paragraph 6.9.3 if an existing contractual term is activated that results in a change in the basis for determining the contractual cash flows of a financial asset or a financial liability, and particular other conditions are met.

Paragraphs BC10–BC36 of the Basis for Conclusions describe the Board's reasons for these proposals.

(e) The Exposure Draft proposes to make corresponding amendments to IFRS 4 that would require insurers applying the temporary exemption from IFRS 9 to apply the same practical expedient as described above.

(f) The Exposure Draft proposes amendments to IFRS 16 that would require entities to apply paragraph 42 of IFRS 16 to account for a lease modification that is required by interest rate benchmark reform.

Paragraphs BC39–BC41 and paragraphs BC118–BC125 of the Basis for Conclusions describe the Board's reasons for these proposals.

Do you agree with these proposals? Why or why not? If you agree with only parts of the proposals, please specify what you agree and disagree with. If you disagree with the proposals, please explain what you propose and why.

Except as set out below, we generally agree with the proposals for the reasons set forth in the basis for conclusions.

We support the Board's objective of ensuring that changes to the cash flows of a financial instrument required by benchmark reform are accounted for consistently in accordance with IFRS 9.B5.4.5. However, we disagree with aspects of how the ED proposes to achieve this objective.

We disagree with the Board's proposal as outlined in (a) above that a modification takes place even when there is no change to the contractual terms of the instrument. As the Board points out in BC14, there is currently no definition of a modification in IFRS 9. Therefore, without a detailed review, analysis and impact assessment with respect to introducing or changing a definition of a modification (which we note the Board says that they will discuss at a later date), there is a risk of unforeseen consequences. Limiting the proposed definitional innovation to the context of interest rate benchmark reform is a partial solution, but gives rise to a risk of extension by analogy and a further risk of inconsistent application. We would suggest deletion of that aspect of the definition of modification – i.e. that there is a modification even if the contractual terms of the financial instrument are not amended.

In the absence of a change to the contractual terms of the instrument, a change in the cash flows of a floating rate instrument that reflects movements in market rates of interest would anyway be subject to the accounting principle in IFRS 9.B5.4.5. We believe that the ED should instead clarify that such a change in the basis for determining the contractual cash flows would be considered as a periodic re-estimation of cash flows of the instrument to which paragraph B5.4.5 applies without describing it as a modification.

Subject to further comments below, we agree with the Board's proposal as outlined above in (b) and (d). However, we disagree with the Board's proposal to refer to this treatment as a "practical expedient" because we believe that an entity could apply the principle in IFRS 9.B5.4.5 to a modification of a floating rate component under the original contractual terms to a new rate of interest that reflects current market terms (as would occur in the replacement of an old benchmark rate for an alternative benchmark rate on what the Board describes an "economically equivalent" basis). As such a modification is similar to a re-estimation of cash flows under the existing contract and as a replacement of a benchmark interest rate with an alternative benchmark rate is a market-driven reform, we believe that a modification required by the reform taking place on an "economically equivalent" basis is reflective of current market terms. Therefore, we believe that an entity could apply the principle in IFRS 9.B5.4.5 to a modification that is required by interest rate benchmark reform and so this should not be referred to as a "practical expedient".

Subject to the comment below, we agree with the Board's proposal as outlined above in (c). However, we believe the Board should use a different term than "economically equivalent" and clarify the meaning of that term or its replacement. This is an important concept for assessing whether a modification is required by interest rate benchmark reform. We believe that the Board could elevate the definition of "economically equivalent" as part of the proposed amendments to the standards rather than merely explain it in paragraph BC29 of the basis for conclusions. In addition, we encourage the Board to use different terminology because pre-existing interbank offered rates are "economically" different to new alternative benchmark rates. We believe that the terminology used should be based on the concept that there is intended to be no net transfer of economic value as a result of a change in the basis for determining the contractual cash flows, not that the interest rate indices are economically the same. In addition, it may be helpful to clarify that no net transfer of value may be achieved by means of a cash payment or receipt at the time of modification to compensate for or offset any other change in value between the original instrument and the modified instrument.

Regarding (b) and (c), we ask the Board to clarify and make consistent the terminology used to describe the population of modifications captured within the scope of proposed IFRS 9.6.9.3-4. IFRS 9.6.9.3 refers to modifications "required as a direct consequence of interest rate benchmark reform" whereas IFRS 9.6.9.4 refers to modifications "required by interest rate benchmark reform" without using the words "as a direct consequence." IFRS 9.6.9.1 states that paragraphs IFRS 9.6.9.2–6.9.6 apply to all financial assets and financial liabilities that are modified or changed "as a result" of interest rate benchmark reform. The use of the word "required" raises the question whether IFRS 9.6.9.3 can capture only changes that are mandated by law or regulation. We are aware that in certain jurisdictions and currencies, alternative benchmark rates may be introduced in addition to the existing IBOR and the change of an IBOR instrument to an alternative benchmark rate would be a voluntary undertaking by the entities concerned. Even for currencies in which the existing IBOR is expected to be discontinued, there may be no legal requirement to amend existing contracts to refer to an alternative benchmark rate and again this will be a matter for agreement between the parties to the contract. We believe that such voluntary changes occur as a "direct result" or "direct consequence" of interest rate benchmark reform even if they are not legally required and that the proposals should be interpreted to apply to them. We recommend therefore that the Board remove the word "required" in describing the scope of IFRS 9.6.9.3-4 and use consistent language such as "direct consequence" or "direct result" for this purpose. This clarification should be flowed through consistently to modify the phrase "required by benchmark reform" in proposed IFRS 9.6.9.6, 9.6.9.8, IAS 39.102P and IFRS 16.105-106.

We believe the proposed amendments in paragraphs IFRS 9.6.9.1 to 9.6.9.6 are generally related to modification accounting for a financial instrument that is measured at amortised cost and not specifically related to hedge accounting. Therefore, we would

suggest that these proposed amendments are included in Chapter 5 “Measurement” of IFRS 9 rather than Chapter 6 on hedge accounting, including making clear that references to applying IFRS 9.B5.4.5 and 5.4.3 are relevant only to application of the amortised cost model, whereas for instruments measured at fair value through profit or loss the guidance in proposed IFRS 9.6.9.3 is intended to indicate that such changes do not lead to derecognition of the financial instrument.

We agree with the Board’s proposals as outlined above in (e) and (f) for the reasons set forth in the basis for conclusions.

Question 2 – Amendments to hedging relationships (paragraphs 6.9.7–6.9.10 of the [Draft] amendments to IFRS 9 and paragraphs 102O–102R of the [Draft] amendments to IAS 39)
Paragraphs 6.9.7–6.9.10 of the draft amendments to IFRS 9 and paragraphs 102O–102R of the draft amendment to IAS 39 propose that an entity would amend the formal designation of the hedging relationship only to make one or more of the changes specified in paragraph 6.9.7 and paragraph 102O as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and/or the timing and the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument. Paragraphs BC42–BC50 of the Basis for Conclusions describe the Board’s reasons for these proposals. *Do you agree with these proposals? Why or why not? If you agree with only parts of the proposals, please specify what you agree and disagree with. If you disagree with the proposals, please explain what you propose and why.*

We generally agree with the proposals for the reasons set forth in the basis for conclusions.

However, we are concerned that the proposals in paragraph IFRS 9.6.9.7 and IAS 39.102O would unnecessarily limit changes in the hedge designation that might be made and required as a result of interest rate benchmark reform without disrupting hedge accounting. Based on the amendments to the hedged item or the hedging instrument, we believe that other changes than the items listed in these paragraphs may be required in the hedge documentation. For example, if the interbank offered rate in the hedged item or hedging instrument is replaced with its alternative benchmark rate plus a fixed spread – e.g. to compensate for a basis difference between those two rates, the hedged portion may incorporate the fixed spread to avoid any inconsistency that could arise before and after the amendment in the hedge designation. Therefore, we ask the Board to extend the changes to the hedge designation that would be

acceptable in accordance with IFRS 9.6.9.7 and IAS 39.102O to those that would be a direct result or consequence of interest rate benchmark reform (consistent with the requirements proposed in IFRS 9.6.9.1 to 6.9.6 and our response to Question 1 above).

We also request that the Board extend the principles in proposed paragraphs IFRS 9.6.9.8 and IAS 39.102P to apply to hedged operating lease cash flows that are neither financial assets nor financial liabilities (per IAS 32.AG9).

Question 3 – Accounting for qualifying hedging relationships and groups of items (paragraphs 6.9.11–6.9.15 of the [Draft] amendments to IFRS 9 and paragraphs 102S–102X of the [Draft] amendments to IAS 39)

Paragraphs 6.9.11–6.9.15 of the draft amendments to IFRS 9 and paragraphs 102S–102X of the draft amendments to IAS 39 propose that:

(a) the requirements in IFRS 9 and IAS 39 would be applied when the designation of a hedging relationship is amended to remeasure the hedging instrument and the hedged item based on the alternative benchmark rate and recognise any resulting ineffectiveness in profit or loss.
(b) the amount accumulated in the cash flow hedge reserve at the date the entity amends the description of the hedged item would be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
(c) when there is a change in the basis for determining the contractual cash flows of a financial asset or a financial liability previously designated as a hedged item in a hedging relationship that has been discontinued, the amount accumulated in the cash flow hedge reserve for the discontinued hedging relationship would be deemed to be based on the alternative benchmark rate on which the hedged future cash flows will be based.
(d) when applying paragraph 6.9.7 or paragraph 102O to groups of items designated as hedged items, the hedged items would be allocated to sub-groups within the same hedging relationship based on the benchmark rate to which they are referenced and that the proportionality test would be applied to each sub-group separately.
(e) for the purpose of assessing retrospective effectiveness as required by IAS 39, the cumulative fair value changes of the hedged item and hedging instrument would be reset to zero when paragraph 102G of IAS 39 ceases to apply.

Paragraphs BC51–BC79 of the Basis for Conclusions describe the Board's reasons for these proposals.

Do you agree with these proposals? Why or why not? If you agree with only parts of the proposals, please specify what you agree and disagree with. If you disagree with the proposals, please explain what you propose and why.

Except for the following matters, we agree with the Board's proposals outlined above for the reasons set forth in the basis for conclusions.

- Proposed paragraphs IFRS 9.6.9.12(b) and IAS 39.102U(b) refer to the cumulative change in "fair value" of the hedged item. To be consistent with paragraphs IFRS 9.6.5.11(b) and IAS 39.96(a)(ii), they should instead refer to "fair value (present value)".
- With respect to (a) above, we request the Board clarify how the carrying amount of the hedged item in a fair value hedge and the cumulative change in fair/present value of the hedged item in a cash flow hedge should be remeasured based on the alternative benchmark rate, in particular considering that the alternative benchmark rate may never have existed at inception of the hedge. For example, if a hypothetical derivative is used to measure the change in fair/present value of the hedged item in a cash flow hedge, the Board acknowledges in BC66 that the terms of the hypothetical derivative would change as a result of amending the formal designation of the hedging relationship but the Board does not explain how. We believe that changing only the floating leg of a hypothetical derivative may be acceptable when the designation of the hedged risk is amended to an alternative benchmark rate. In this case, the change in the floating leg should be made on an 'economically equivalent' basis – i.e. which is consistent with the notion of a modification required by interest rate benchmark reform as articulated in proposed paragraph 6.9.3 – e.g. the same spread adjustment required for the hedged item as a result of reform would be reflected in the change to the hypothetical derivative.
- With respect to (c) above, we ask the Board to clarify whether "deeming the amount accumulated in the cash flow hedge reserve based on the alternative benchmark rate" requires a remeasurement of the amount based on the alternative benchmark rate. In accordance with (a) and (b) above, for a hedging relationship that is amended (and continues) in accordance with paragraph 6.9.7 or 102O, the relevant cash flow hedge reserve also would be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined and in that case would be remeasured based on the alternative benchmark rate. This raises the question whether deeming the cash flow hedge reserve amount (for a discontinued hedge) based on the alternative benchmark rate implies that the amount also needs to be remeasured based on the alternative benchmark rate. We believe that the remeasurement of the cash flow hedge reserve based on the alternative benchmark rate is not required in the case where the hedging relationship has been discontinued. There is no general requirement to remeasure a cash flow hedge reserve after the hedging relationship is discontinued and BC70 explains that the reason for the proposal is to reclassify the cash flow hedge reserve amount to profit or loss in the same period(s) as the hedged future cash flows based on the alternative benchmark rate affect profit or loss. We therefore believe paragraphs 6.9.14 and 102W are to prevent an immediate reclassification of the cash flow hedge reserve to profit or loss, not to remeasure the cash flow

hedge reserve amount based on the alternative benchmark rate. However, we note that the current wording of 6.9.14 and 102W is not clear in this respect and stakeholders would benefit from explicit clarification.

In addition, we ask the Board to clarify that the principle in paragraphs 6.9.14 and 102W applies to a macro cash flow hedge of an open portfolio. Paragraphs 6.9.14 and 102W use the words "a financial asset or a financial liability previously designated as a hedged item" which might be read as implying that the proposed amendment is only applicable to a micro cash flow hedge of a particular financial asset or liability. We believe that it would be useful to clarify that this principle may be applied to a macro cash flow hedge where the hedged item is defined as forecast interest cash flows arising from an open portfolio.

— With respect to (d) above, we ask the Board to clarify that, under IFRS 9, the proportionality test for sub-groups is only required for a cash flow hedge in which the hedged risk is not foreign currency risk[1]. The proposal in paragraph 6.9.15 of the ED might be read as implying that the proportionality test applies to all hedging relationships under IFRS 9 in which the hedged item is a group of items.

— At its Board meeting in December 2019, with regard to hedges of a group of items, the Board tentatively decided to amend IAS 39 so that, when items within a designated group are amended for modifications that are required as a direct consequence of IBOR reform and are done on an economically equivalent basis, an entity is permitted to treat IBOR and its alternative benchmark rate as if they share similar risk characteristics. This tentative decision does not appear to be reflected in the proposed amendments. We believe that this matter is not addressed by paragraph 102X because that paragraph provides relief only in respect of the proportionality requirement in IAS 39.83, whereas IAS 39.78(c) and 83 also require that assets and liabilities that are hedged as a group should share the risk being hedged. We therefore request that the Board reflect its tentative decision in the final amendments.

Question 4 – Designation of risk components and portions (paragraphs 6.9.16–6.9.18 of the [Draft] amendments to IFRS 9 and paragraphs 102Y–102Z1 of the [Draft] amendments to IAS 39)
Paragraphs 6.9.16–6.9.18 of the draft amendments to IFRS 9 and paragraphs 102Y–102Z1 of the draft amendments to IAS 39 propose that: (a) an alternative benchmark rate designated as a non-contractually specified risk component that is not separately identifiable at the date it is designated, would be deemed to have met that requirement at that date, if and only if, the entity reasonably expects the alternative benchmark rate will be separately

[1] IFRS 9.6.6.1(c)

identifiable within a period of 24 months from the date the alternative benchmark rate is designated as a risk component.

(b) if subsequently, an entity reasonably expects that the alternative benchmark rate will not be separately identifiable within 24 months from the date it was designated as a risk component, an entity would cease applying the requirement in paragraph 6.9.16 and paragraph 102Y and discontinue hedge accounting prospectively from the date of that reassessment.

Paragraphs BC87–BC97 of the Basis for Conclusions describe the Board's reasons for these proposals.

Do you agree with these proposals? Why or why not? If you agree with only parts of the proposals, please specify what you agree and disagree with. If you disagree with the proposals, please explain what you propose and why.

We agree with most of the proposals outlined in Question 4 except that we disagree with the proposed time limit of 24 months. This would not support aligning hedge accounting with an entity's risk management objective. Twenty-four months may be too short a period for a new market to be developed in an alternative benchmark rate. For example, the transition to a new alternative benchmark rate could be more widely delayed due to unforeseeable events, e.g. Covid-19. We agree that this relief would support entities applying the hedge accounting requirements in IFRS 9 and IAS 39, particularly during the early stages of the transition to alternative benchmark rates when the relevant markets have not yet developed sufficiently. However, as the Board pointed out in BC94, 24 months is an arbitrary period and lacks a conceptual rationale.

The Board is proposing that an entity should be subsequently reassessing whether the alternative benchmark rate will become separately identifiable within 24 months from the date when it was designated as a risk component. If an entity continuously assesses whether the new alternative benchmark rate will eventually become separately identifiable and discontinues the hedging relationship when it reasonably expects that the new benchmark rate will not become separately identifiable, the risk of entities maintaining hedge accounting for a relationship that could eventually fail to meet the general hedge accounting requirements is mitigated. Therefore, we propose not specifying a fixed time period for this relief.

If the 24-month period is retained, we ask the Board to clarify whether the period applies separately on a hedge-by-hedge basis or on a rate-by-rate basis. If it is the former, each hedging relationship will have different end-dates depending on the date when the hedges were designated, even if the hedged risk is the same alternative benchmark rate. If it is the latter, the end date of the 24-month period will be the same if the hedged risk is the same alternative benchmark rate. In this case, the end date will be dependent on the date when an entity first designates an alternative benchmark rate as a hedged risk. The consequences of applying the proposals on a hedge-by-hedge

basis or on a rate-by-rate basis may be materially different and the analysis included in the ED does not address this concern.

Question 5 – Effective date and transition (paragraphs 7.1.9 and 7.2.36–7.2.38 of the [Draft] amendments to IFRS 9 and paragraphs 108H–108J of the [Draft] amendments to IAS 39)
(a) The Exposure Draft proposes that the amendments would have an effective date of annual periods beginning on or after 1 January 2021. Earlier application would be permitted. (b) The Exposure Draft proposes that the amendments would be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, except as specified in (ii) below. An entity would: (i) reinstate a discontinued hedging relationship if and only if the entity discontinued that hedging relationship solely due to changes required by interest rate benchmark reform and, therefore, the entity would not have been required to discontinue that hedging relationship if the amendments had been applied at that time. (ii) not be required to restate prior periods to reflect the application of these amendments. However, the entity may restate prior periods if, and only if, it is possible without the use of hindsight. Paragraphs BC110–BC115 of the Basis for Conclusions describe the Board's reasons for these proposals. *Do you agree with these proposals? Why or why not? If you agree with only parts of the proposals, please specify what you agree and disagree with. If you disagree with the proposals, please explain what you propose and why.*

We agree with the proposals for the reasons set forth in the basis for conclusions. However, we would suggest clarifying that a hedging relationship would only be retrospectively reinstated as long as this was consistent with the entity's documented risk management objective and strategy. For example, if the entity had actually re-designated the hedging instrument or hedged item into a different hedging relationship, it would not be appropriate to have two overlapping hedge accounting relationships.

Question 6 – Disclosures (paragraphs 24I–24J and paragraphs 44HH–44II of [Draft] amendments to IFRS 7)
The Exposure Draft proposes that entities provide specific disclosures in order to provide information about:

(a) the nature and extent of risks arising from interest rate benchmark reform to which the entity is exposed, and how it manages those risks; and
(b) the entity's progress in completing the transition from interest rate benchmarks to alternative benchmark rates, and how the entity is managing that transition.

Paragraphs BC105–BC109 of the Basis for Conclusions describe the Board's reasons for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you propose and why.

We agree with the proposed disclosure requirements for the reasons set forth in the basis for conclusions. However, the new disclosure requirements are mostly related to risks and risk management arising from interest rate benchmark reform and not specifically to hedge accounting. Therefore we would suggest that the proposed disclosure requirements are moved out of the "Hedge accounting" section of IFRS 7 to reduce the risk that preparers mistakenly infer that they relate only to hedge accounting relationships or overlook them because they do not apply hedge accounting.

In addition, we would suggest the Board does not require the disclosure of comparative information required by IFRS 7.24J(b) when an entity first applies the amendments. We believe that this comparative information would be less useful than current year information because the users of financial statements would be more interested in the remaining exposure that is subject to interest rate benchmark reform as of the reporting date, not as of the prior year reporting date. Disclosing the comparative information may also unnecessarily increase the costs for preparers because of the need to maintain information regarding exposure to instruments for which interest benchmark rate reform has already been completed. We believe that if comparative information in respect of IFRS 7.24J(b) is not required, the burden on preparers in applying the amendments will be reduced and this will promote early application.

Additional observations

— In the context of the proposals, we believe the Board should include a definition of the term an "alternative benchmark rate" because it would clarify the scope of the amendments. We believe that the Board is using "alternative benchmark rates" to refer to new interest rate benchmarks that will replace interbank offered rates as a result of the market-wide reform of interest rate benchmarks. The new "alternative benchmark rates" will be nearly risk-free interest rates that are based, to a greater extent, on transaction data. We believe including a definition would provide useful guidance to preparers to determine what new interest rate benchmarks are subject to the proposals.

- It appears that a proposal to amend the end date for applying IFRS 9.6.8.7–6.8.8 and IAS 39.102H–102I has been mistakenly omitted from the ED. BC86 states that: "The Board therefore proposes that the Phase 1 exception from the separately identifiable requirement ceases to apply at the earlier of: (a) when changes required by the reform are made to the hedging relationship as proposed in paragraph 6.9.7 or paragraph 102O of the ED; or (b) when the hedging relationship is discontinued." However, this proposal is not included in the ED.
- BC51 should be amended to state that when the exception from the retrospective assessment ceases to apply, as required by paragraph 102M of IAS 39, not only the cumulative fair value changes of the hedging instruments but also the fair value changes of the ***hedged items*** that are attributable to the hedged risk should be reset to zero for the purpose of the retrospective assessment.
- BC49 states that if the financial asset or financial liability designated as a hedged item is derecognised as a result of modifications in addition to those required by the reform, a hedge relationship needs to be discontinued. We believe that there is no guidance in IAS 39 or IFRS 9 that automatically requires a hedge relationship to be discontinued when the hedged item is derecognised. This would depend on the facts and circumstances of the case, including how the hedged item had been defined in the hedge documentation. We ask the Board to amend the wording so as not to imply that derecognition of a hedged item would always cause a discontinuation of hedge accounting.