

STAFF PAPER

July 2020

IASB® meeting

Project	IBOR Reform and its Effects on Financial Reporting—Phase 2		
Paper topic	Cover paper		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in the IASB® *Update*.

1. Introduction

1. The Board published the Exposure Draft *Interest Rate Benchmark Reform—Phase 2 (Proposed Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* (Exposure Draft) on 9 April 2020. The 45-day comment period closed on 25 May 2020.
2. The objectives for this meeting are to:
 - (a) summarise the feedback received on question 3 of the Exposure Draft.
 - (b) seek the Board’s permission to begin the balloting process for the final amendments.
3. This cover paper provides:
 - (a) background information on the Exposure Draft (paragraph 5);
 - (b) an overview of the agenda papers for this meeting (paragraphs 6-10); and
 - (c) an outline of the next steps (paragraphs 11-12).
4. The Board is asked to decide on issues discussed in agenda papers for this meeting.

2. Background information

5. At the June 2020 Board meeting the Board discussed all the feedback received and staff analysis and recommendations on the Exposure Draft except for the feedback received on question 3 of the Exposure Draft which related to proposals on accounting for qualifying hedging relationships and groups of items. The feedback received on this question will be presented at this meeting.

5. Agenda papers for this meeting

6. The agenda papers for this meeting are:
- (a) Agenda Paper 14A *Feedback analysis—Accounting for qualifying hedges* provides a detailed summary of the feedback received on Question 3 of the Exposure Draft and staff analysis and recommendations about whether the Board should make any changes to the related proposed amendments; and
 - (b) Agenda Paper 14B *Due process steps and permission for balloting* seeks the Board’s permission to begin the balloting process for the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
7. The following table provides details of Board’s discussions on the feedback received on the Exposure Draft:

Topic	Board meeting
Question 1—Modifications of financial assets and financial liabilities	Discussed at the June 2020 Board meeting
Question 2—Amendments to hedging relationships	Discussed at the June 2020 Board meeting
Question 3—Accounting for qualifying hedging relationships and groups of items	AP14A (to be discussed at this meeting)
Question 4—Designation of risk components and portions	Discussed at the June 2020 Board meeting
Question 5—Effective date and transition	Discussed at the June 2020 Board meeting
Question 6—Disclosures	Discussed at the June 2020 Board meeting
Modification/replacement of derivatives	Discussed at the June 2020 Board meeting
Other comments	Discussed at the June 2020 Board meeting

8. Agenda paper 14A uses the following terms to describe the extent to which particular feedback was shared by respondents:

Term	Extent of response among respondents
Almost all	all except a very small minority
Most	a large majority, with more than a few exceptions
Many	a small majority or large minority
Some	a small minority, but more than a few
A few	a very small minority

9. In determining which term to use in a particular case, the staff considered not just the number of responses in question, but also more subjective factors, such as whether a response reports the views of a single individual or the views of a broader group.
10. When preparing the papers, the staff have also considered the nature of the comments and whether they are qualitatively significant to mention despite the number of respondents that may share that view.

Next steps

11. Assuming that the Board is able to make decisions and conclude on the matters discussed in the Agenda Paper 14A for this meeting, the staff plans to ask the Board for permission to begin the balloting process for the final amendments.
12. Agenda Paper 14B *Due process and permission to ballot* sets out the due process steps that the Board has taken in developing the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.