

## STAFF PAPER

July 2019

**IASB® meeting**

Project	IBOR Reform and its Effects on Financial Reporting		
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*.

**Background**

1. The International Accounting Standards Board (Board) published the Exposure Draft *Interest Rate Benchmark Reform* (proposed amendments to IFRS 9 and IAS 39) (ED) in May 2019 with a 45-day comment period.
2. The Board received 84 comment letters<sup>1</sup>. Appendix A provides statistical information about the comment letters received by geographical region and respondent type.
3. The proposals in the ED addressed issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate (pre-replacement issues). More specifically, the Board proposed exceptions to specific hedge accounting requirements in IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* to be applied during the period of uncertainty such that entities would apply those

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<sup>1</sup> Our Agenda Papers are based in the feedback from 80 comment letters that were received before the staff finalised analysis of feedback from comment letters. Subsequently, an additional four comment letters were received which the staff have not been able to consider for the purpose of Agenda Papers for this Board meeting.

hedge accounting requirements assuming the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based is not altered as a result of interest rate benchmark reform.

### **Purpose of the July 2019 meeting**

4. In this meeting, the staff will provide a summary of feedback from comment letters on the proposals in the ED. In addition to issues addressed in the ED, many respondents also provided feedback on other financial reporting issues that they recommend should be addressed as part of the project. Those matters that respondents have identified to be addressed before finalising the proposals in the ED, are summarised in Agenda Paper 14B.
5. The staff will ask whether the Board:
  - (a) have any comments or questions on the feedback from comment letters on the proposals set out in the ED; and
  - (b) have any questions or observations on the matters or potential approaches identified by respondents, that are discussed in Agenda Paper 14B.

### **Agenda papers for this meeting**

6. The following are the agenda papers for this meeting:
  - (a) Agenda Paper 14A—*Summary of feedback from comment letters*. This paper summarises feedback from comment letters on the proposals set out in the ED.
  - (b) Agenda Paper 14B— *Additional issues for consideration before finalising the proposed amendments*. This paper provides a summary of the additional issues raised in comment letters that respondents recommend should be addressed as part of the project.
7. Agenda papers 14A and 14B use the following terms to describe the extent to which particular feedback was shared by respondents:

<i>Term</i>	<i>Extent of response among respondents</i>
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

10. 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.
11. Respondents did not always comment on every area of the Exposure Draft. The staff have indicated in the papers if only a small minority of respondents commented on a particular topic.
12. When preparing the papers, the staff have considered whether we received different messages from individual stakeholder groups or from specific geographic locations. We have indicated so if there was a notable pattern.
13. 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.

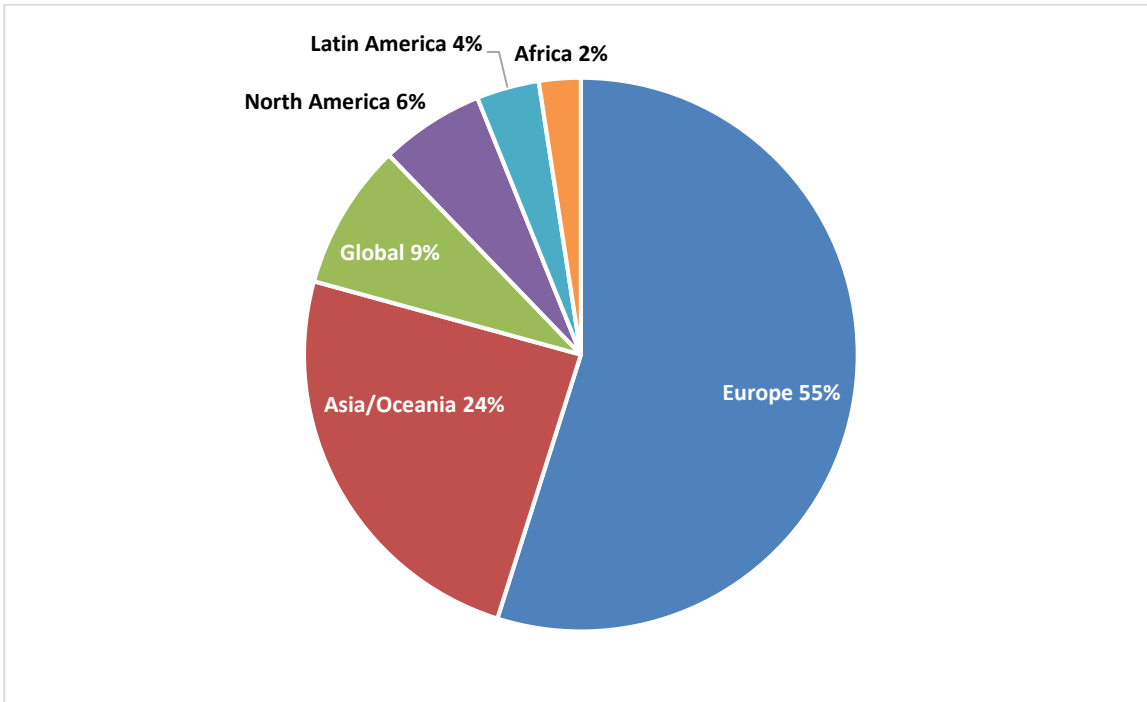
**Next steps**

14. At a future Board meeting, the staff will present to the Board the matters to be redeliberated prior to the finalisation of the proposals in the ED as well as an analysis of the matters to be addressed in next phase of this project.

**Appendix A—Statistical information**

A1. The following is the analysis of comment letters by geographic region and type of respondents.

***Comment letter respondents by geographical location***



***Comment letter respondents by type***

