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Contact(s)	<b>Christian Garz</b> <a href="mailto:cgarz@ifrs.org">cgarz@ifrs.org</a>	020 7246 6410
	<b>Martin Friedhoff</b> <a href="mailto:mfriedhoff@ifrs.org">mfriedhoff@ifrs.org</a>	020 7246 6410

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Project	<b>Macro Hedge Accounting</b>
Topic	<b>Considerations for a macro hedge accounting concept Cover paper</b>

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## Overview

1. This is a cover paper providing an overview of three agenda papers with considerations for a macro hedge accounting concept.
2. **Agenda paper 9A** introduces a common interest rate risk management concept that is based on outreach with banks as well as on an education session with the Board on 1 June 2011. For simplification that paper focuses on only some typical features and leaves other topics for future discussion. Also, not all aspects described are used throughout the entire industry but are widely-used.
3. **Agenda paper 9B** highlights conceptual differences between the risk management approach described in paper 9A and the current hedge accounting requirements. This is to explain the actual consequences for the financial statements that result from the conceptual differences.
4. **Agenda paper 9C** discusses alternatives for an accounting solution that addresses the conceptual differences between risk management and current hedge accounting requirements.
5. The considerations in these agenda papers are based on the interest rate risk management of financial institutions as an example. However, it is not the intention to limit macro hedge accounting to interest rate risk or the needs of a

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This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IASB.

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**IASB Staff paper**

specific industry. It is rather a starting point for the conceptual discussion. During the outreach activities participants explained that similar risk management strategies are applied in other industries and for other risks as well. For example, there are risk management strategies in place that manage foreign exchange risk or commodity price risk on the basis of an open portfolio as unit of account with the focus to reduce margin volatility. Those strategies will be considered later in this project.

6. There are no questions to the Board in any of those papers.