

# 中国会计准则委员会

## China Accounting Standards Committee

尊敬戴维·泰迪主席：

中国财政部会计司和中国会计准则委员会很高兴有机会就国际财务报告准则征求意见稿《套期会计》反馈意见。套期会计是金融工具会计准则的重要组成部分，也是本次金融工具国际准则改革的三个重要组成部分之一。我们总体上支持理事会简化套期会计、扩大套期会计适用范围的改革方向，赞成取消套期有效性评价的量化标准。此外，我们就征求意见稿提出以下总体意见和建议：

**1. 提供更多指引、示例和教育性材料。**鉴于套期业务和套期会计在中国等新兴经济体中是较新的业务，我们建议理事会在实施指南和结论基础中提供更多指引，并在《国际财务报告准则第9号》（IFRS 9）内容基本确定后，立即着手准备教育性材料，以确保在IFRS 9最早强制生效日期前提供给利益相关方，尤其是新兴经济体的报告企业 and 使用者。

**2. 加快制定发布宏观套期会计规定。**开放性组合是金融机构风险管理中的重要手段，征求意见稿中暂未涉及此问

题。我们希望理事会加快宏观套期会计规定的制定，以便企业全面反映其风险管理活动。

**3. 确定适用于所有国际财务报告准则的其他综合收益（OCI）的确认原则。**套期会计和本轮改进国际财务报告准则的许多其他项目都涉及其他综合收益。我们建议理事会尽快启动并完成其他综合收益项目，一致地解决其他综合收益的概念、确认、计量和转回等问题。我们将进一步关注理事会在这一问题上的进展。

**4. 考虑降低企业操纵利润空间。**理事会放宽套期会计适用条件的建议得到了中国利益相关方的普遍支持。但很多中国企业和监管部门表示，担心取消套期有效性评价的量化标准后，在实务中缺乏明确的套期会计适用依据，可能导致会计信息可比性下降，甚至企业适用套期会计出现混乱。我们希望理事会在扩大套期会计适用范围的同时，注意考虑降低企业以此操纵利润的空间。

**5. 将套期会计和《国际财务报告准则第 9 号》的其他部分的生效日推迟至 2015 或 2016 年。**我们建议，《国际财务报告准则第 9 号》的生效日期与合并报表、合营安排、保

险合同等准则的生效日期协调一致。

附件是我们对征求意见稿的详细反馈意见。如对我们反馈意见有任何问题，请联系财政部会计司冷冰先生（+86 10 6855 3016，lengbing@mof.gov.cn）。

顺致

敬意！

中国财政部会计司司长

中国会计准则委员会委员

A handwritten signature in black ink, appearing to read '杨敏' (Yang Min), is positioned above a horizontal line.

二〇一一年三月九日

会 计 准 则 委 员 会  
China Accounting Standards Committee

Sir David Tweedie  
Chairman  
International Accounting Standards Board  
1<sup>st</sup> Floor, 30 Cannon Street  
EC4M 6XH, London  
United Kingdom

9 March 2011

Dear Sir David Tweedie,

**Comments on IASB Exposure Draft ED/2010/13 *Hedge Accounting***

We, the Accounting Regulatory Department of the Ministry of Finance, China and the China Accounting Standards Committee, appreciate the opportunity to respond to Exposure Draft ED/2010/13 Hedge Accounting (the ED), issued by the International Accounting Standards Board (the IASB or the Board). Hedge accounting is an important part of financial instruments accounting, and it is also one of the three main phases in the replacement of the existing IAS 39. In general, we welcome the simplification of hedge accounting requirements, the expansion of the scope in which hedge accounting can be applied, and the removal of the “bright-line” requirement of hedge effectiveness testing proposed by the IASB. Our overall comments and suggestions are summarised below:

**1. Providing more guidance, illustrative examples and educational materials**

Given that both hedging activities and hedge accounting may be new fields in emerging economies like China, we suggest more guidance be provided in the Application Guidance and Basis for Conclusions. We also suggest that related educational materials be prepared by IASB, once the content of IFRS 9 is settled, to ensure such materials can be provided to the stakeholders, especially financial statements preparers and users in emerging economies, before the mandatory effective date of IFRS 9.

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## **2. Accelerating the formulation of macro hedge accounting requirements**

Open portfolio hedging, which is one of the important risk management strategies employed by financial institutions, has not yet been mentioned in the ED. We suggest the IASB accelerate the formulation of macro hedge accounting requirements to enable entities to fully report their risk management activities.

## **3. Determining the recognition principles for other comprehensive income (OCI), which can be applied to all IFRS standards**

The proposals in the ED and many other current IFRS improvement projects impact OCI. We recommend that the IASB initiate and complete a OCI project at its earliest convenience, to resolve the issues of definition, recognition, measurement, and reversal of OCI on a consistent basis. We intend to follow these developments closely.

## **4. Considering limiting the space for earnings management**

The proposed loosening of qualification criteria for hedge accounting is widely welcomed by stakeholders in China. However, many entities and regulatory bodies also expressed their concerns that a lack of clear application guidance in practice after the removal of the “bright-line” effectiveness testing requirement may lead to reduced comparability of financial reporting information, or even confusion in the application of hedge accounting. We suggest that the IASB consider limiting the room for earnings management while loosening the qualification criteria for hedge accounting.

## **5. Postponing the effective date for hedge accounting and other parts of IFRS 9 to 2015 or 2016**

We suggest the effective date for IFRS 9 be determined considering the effective dates for other standards, such as consolidation, joint arrangements and insurance contracts.

Please kindly refer to the attachment for our detailed comments. If you have any questions about our comments or wish to discuss any of these matters further, please contact Mr. Bing Leng (+86 10 6855 3016, [lengbing@mof.gov.cn](mailto:lengbing@mof.gov.cn)) of the Accounting Regulatory Department of the Ministry of Finance, China.

Yours faithfully,

Yang Min

[Signed]

Director General

Accounting Regulatory Department of Ministry of Finance of People's Republic of  
China

Member

China Accounting Standards Committee

**Ministry of Finance, People's Republic of China  
China Accounting Standards Committee**

**Comments on IASB Exposure Draft ED/2010/13**

***Hedge Accounting***

**Objective of hedge accounting (paragraphs 1 and BC11–BC16)**

**Question 1**

Do you agree with the proposed objective of hedge accounting? Why or why not? If not, what changes do you recommend and why?

We agree. The ED proposes that the objective of hedge accounting is to represent in the financial statements the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss. We believe that this will be helpful to reflect an entity's risk management activities more sufficiently in the financial statements and make the financial information more useful.

**Instruments that qualify for designation as hedging instruments (paragraphs 5–7 and BC28–BC47)**

**Question 2**

Do you agree that a non-derivative financial asset and a non-derivative financial liability measured at fair value through profit or loss should be eligible hedging instruments? Why or why not? If not, what changes do you recommend and why?

We agree. We believe that qualifying a non-derivative financial instrument measured at fair value through profit or loss as eligible hedging instrument supports the improvement to simplify classification and measurement of financial instruments under IFRS 9, expands the application of hedging accounting and at the same time does not increase the complexity of hedge accounting.

**Derivatives that qualify for designation as hedged items (paragraphs 15, B9 and BC48–BC51)**

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Do you agree that an aggregated exposure that is a combination of another exposure and a derivative may be designated as a hedged item? Why or why not? If not, what changes do you recommend and why?

We agree. This proposed change better reflects the reality of a company's risk management.

We however advise the Board to give more guidance on accounting treatment in this case. For instance, in the example raised in paragraph B9(b) of the ED, should the entity account for the hedged item separately as a 10-year fixed rate debt denominated in a foreign currency and a 10-year fixed-to-floating cross-currency interest rate swap or directly as a 10-year floating rate debt denominated in the domestic currency?

**Designation of risk components as hedged items (paragraphs 18, B13–B18 and BC52–BC60)**

**Question 4**

Do you agree that an entity should be allowed to designate as a hedged item in a hedging relationship changes in the cash flows or fair value of an item attributable to a specific risk or risks (i.e. a risk component), provided that the risk component is separately identifiable and reliably measurable? Why or why not? If not, what changes do you recommend and why?

We agree. Nevertheless, we believe that the Board should give more guidance on how to divide, separately identify and reliably measure risk components.

Meanwhile, we are interested in knowing whether the restriction in paragraphs B24 and BC70 of the ED are applicable to commodities hedging. Further, we do not agree to apply this restriction to commodities hedging. This restriction requires the cash flow from risk components to be no more than that of the entire financial instruments. We notice that the pricing of some commodities is based on the standard price of that commodity less a spread. For example, enterprise A needs to hedge the price volatility of a certain quantity of crude oil produced from oil field C in country B. The risk component that is separately identifiable and reliably measurable is the price volatility of crude oil. However, the crude oil from oil field C is priced based on certain standard crude oil price quoted in the international market minus X dollar per barrel. Accordingly, if the restriction in paragraphs B24 and BC70 of the ED is applicable to commodities hedging, there might be an impact to whether entities can apply hedging accounting. Therefore, we suggest that the Board state clearly that this restriction is not applicable to commodities hedging.



**Designation of a layer component of the nominal amount (paragraphs 18, B19–B23 and BC65–BC69)**

**Question 5**

(a) Do you agree that an entity should be allowed to designate a layer of the nominal amount of an item as the hedged item? Why or why not? If not, what changes do you recommend and why?

(b) Do you agree that a layer component of a contract that includes a prepayment option should not be eligible as a hedged item in a fair value hedge if the option's fair value is affected by changes in the hedged risk? Why or why not? If not, what changes do you recommend and why?

( 1 ) We agree. This suggestion better reflects the reality of a company's risk management. However, we suggest that the Board give a definition of "layer component" in the final standard. We notice that there are four examples in paragraph B21 of the ED. We believe that using examples instead of a definition is not consistent with the spirit of a principles-based standard. Moreover, the concept of "layer component" is very important and therefore should be defined in the main body of the standard.

( 2 ) We agree. However, we hope that the Board will consider whether this requirement is applicable to macro hedging. With respect to the basic hedging strategy discussed in the ED, we believe that the analysis in paragraph BC69 is reasonable, i.e. in this scenario, a layer component method might incorrectly recognize risk components that are not separately identifiable. However, we notice that this conclusion might not apply to a macro hedging situation. Therefore, we suggest the Board not to make any conclusion at this moment, and resolve the issue altogether in the macro hedging phase of the project.

**Hedge effectiveness requirements to qualify for hedge accounting (paragraphs 19, B27–B39 and BC75–BC90)**

**Question 6**

Do you agree with the hedge effectiveness requirements as a qualifying criterion for hedge accounting? Why or why not? If not, what do you think the requirements should be?

We agree with the hedge effectiveness requirements as a qualifying criterion for hedge accounting. Particularly, we support the removal of the "bright-line"

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requirement of “80%-125%”. We believe that this will loosen the criteria for companies to qualify hedge accounting, and will therefore make financial statements better reflect a company’s risk management activities. However, we suggest that the Board further clarify the following:

1. How to use such criteria as “hedging relationship will produce an ‘unbiased’ result” and “ ‘minimise’ expected hedge ineffectiveness”;
2. The concept of “other than accidental offsetting” and how to use this concept;
3. The objective of hedge effectiveness assessment, the objective of risk management and their relationship; and
4. Risk management strategy, risk management objective and their relationship.

We believe that these concepts are often new to the preparers and users of financial statements and the regulators in an emerging economy, which calls for further clarification from the Board with more illustrative examples.

### **Rebalancing of a hedging relationship (paragraphs 23, B46–B60 and BC106–BC111)**

#### **Question 7**

(a) Do you agree that if the hedging relationship fails to meet the objective of the hedge effectiveness assessment an entity should be required to rebalance the hedging relationship, provided that the risk management objective for a hedging relationship remains the same? Why or why not? If not, what changes do you recommend and why?

(b) Do you agree that if an entity expects that a designated hedging relationship might fail to meet the objective of the hedge effectiveness assessment in the future, it may also proactively rebalance the hedge relationship? Why or why not? If not, what changes do you recommend and why?

(1) We agree. We favour the requirement of rebalancing because this can enable companies to continuously reflect their risk management activities that respond to hedge ratio changes. According to current IAS39, an existing hedge relationship should be de-designated when it fails hedge effectiveness assessment and a new hedge relationship may be established. This may result in entities not being able to use hedge accounting continuously even though they are managing the same risk exposure using the same risk management strategy. In addition, hedge ineffectiveness may be created artificially (i.e. late hedging) due to fair value fluctuations of the hedging instrument if the same hedging instrument is re-designated. The concept of rebalancing proposed in the ED solves the problem well. Moreover, rebalancing is consistent with the removal of the “bright-line” requirement of hedge effectiveness

assessment, i.e. hedge relationship will produce an unbiased result and rebalancing is required when there is a bias. If the concept of rebalancing is not introduced, the loosening of the quantitative criteria of effectiveness assessment cannot be implemented.

(2) We agree that if an entity expects that a designated hedging relationship might fail to meet the objective of the hedge effectiveness assessment in the future, it may also proactively rebalance the hedge relationship. This is because we believe that it reflects the reality of a company's risk management activities.

However, we recommend the Board take the following actions:

1. Further specify the required frequency of rebalancing. We notice that paragraph B50 of the ED has some clear statements which emphasize that the change of hedge ratio which demonstrates a trend, instead of fluctuations around the hedge ratio, would lead to rebalancing. We suggest that a similar, fundamental requirement should be added to paragraph 23 in the main body of the standard so as to reduce misunderstanding of the frequency of rebalancing.
2. Using meeting objective of hedge effectiveness assessment as the benchmark for qualifying hedging relationships and also introducing the concept of rebalancing means that financial statements need to more accurately reflect risk management activities, hence requiring more professional judgment, more disclosures and more work load on the auditors. We hope the Board can fully appreciate the weight of this burden.

### **Discontinuing hedge accounting (paragraphs 24, B61–B66 and BC112–BC118)**

#### **Question 8**

(a) Do you agree that an entity should discontinue hedge accounting prospectively only when the hedging relationship (or part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable)? Why or why not? If not, what changes do you recommend and why?

(b) Do you agree that an entity should not be permitted to discontinue hedge accounting for a hedging relationship that still meets the risk management objective and strategy on the basis of which it qualified for hedge accounting and that continues to meet all other qualifying criteria? Why or why not? If not, what changes do you recommend and why?

(1) We agree that an entity should discontinue hedge accounting prospectively only

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when the hedging relationship (or part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable).

(2) We agree that an entity should not be permitted to discontinue hedge accounting for a hedging relationship that still meets the risk management objective and strategy on the basis of which it qualified for hedge accounting and that continues to meet all other qualifying criteria. We believe that this requirement meets the objective of hedge accounting, which is to reflect a company's risk management activities, and it also improves the comparability of financial information.

### **Accounting for fair value hedges (paragraphs 26–28 and BC119–BC129)**

#### **Question 9**

(a) Do you agree that for a fair value hedge the gain or loss on the hedging instrument and the hedged item should be recognised in other comprehensive income with the ineffective portion of the gain or loss transferred to profit or loss? Why or why not? If not, what changes do you recommend and why?

(b) Do you agree that the gain or loss on the hedged item attributable to the hedged risk should be presented as a separate line item in the statement of financial position? Why or why not? If not, what changes do you recommend and why?

(c) Do you agree that linked presentation should not be allowed for fair value hedges? Why or why not? If you disagree, when do you think linked presentation should be allowed and how should it be presented?

(1) We agree. However we do not agree that the ineffective portion should be recognised in OCI first and then transferred to profit and loss. We suggest a “one-step” approach, i.e. directly recording ineffective portion in profit and loss.

(2) We do not agree. We believe that the presentation requirement proposed in the ED is too complicated. Therefore, we suggest adding separate line items based on major assets/liabilities categories only, aggregating the gains and losses by these major categories and disclosing the detailed information required by paragraph 26 (b) of the ED in footnotes.

(3) We agree. We believe that linked presentation affects the normal structure of financial statements. Based on the objective of hedge accounting to reflect a company's risk management activities, linked presentation is not only complex but also has limited effect. Therefore, we agree that linked presentation should not be allowed for fair value hedges.

**Accounting for the time value of options for cash flow and fair value hedges  
(paragraphs 33, B67–B69 and BC143–BC155)**

**Question 10**

- (a) Do you agree that for transaction related hedged items, the change in fair value of the option's time value accumulated in other comprehensive income should be reclassified in accordance with the general requirements (e.g. like a basis adjustment if capitalised into a non-financial asset or into profit or loss when hedged sales affect profit or loss)? Why or why not? If not, what changes do you recommend and why?
- (b) Do you agree that for period related hedged items, the part of the aligned time value that relates to the current period should be transferred from accumulated other comprehensive income to profit or loss on a rational basis? Why or why not? If not, what changes do you recommend and why?
- (c) Do you agree that the accounting for the time value of options should only apply to the extent that the time value relates to the hedged item (i.e. the 'aligned time value' determined using the valuation of an option that would have critical terms that perfectly match the hedged item)? Why or why not? If not, what changes do you recommend and why?

(1) We agree. We agree that the time value of an option is part of the cost of hedging activities. We believe that compared with the current IAS39, it will enhance the effect of use of hedge accounting.

(2) We agree. However, we suggest that the Board should provide more guidance to help differentiate "period related hedged items" from "transaction related hedged items".

(3) We agree. However, we believe that under paragraph B68 of the ED, the accounting treatment of time value of an option proposed when the option cannot be matched perfectly with the hedged item is too complex. In addition, we suggest that the Board provide further explanations of some of the terminologies such as 'aligned time value' and 'critical terms'.

**Hedges of a group of items (paragraphs 34–39, B70–B82 and BC156–BC182)**

**Eligibility of a group of items as the hedged item (paragraphs 34, B70–B76,  
BC163, BC164 and BC168–BC173)**

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**Question 11**

Do you agree with the criteria for the eligibility of groups of items as a hedged item? Why or why not? If not, what changes do you recommend and why?

We agree with the criteria in principle. However, we do not agree with one of the criteria mentioned in paragraph 34(c) of the ED, i.e. in a cash flow hedge, the cash flows should impact profit or loss in the same reporting period. We believe that this is different from the reality of a company's risk management. For example, when designating net position cash flow hedges, some of the anticipated offsetting cash flows may change subsequently, and they may happen in different reporting periods.

**Presentation (paragraphs 37, 38, B79–B82 and BC174–BC177)****Question 12**

Do you agree that for a hedge of a group of items with offsetting risk positions that affect different line items in the income statement (e.g. in a net position hedge), any hedging instrument gains or losses recognised in profit or loss should be presented in a separate line from those affected by the hedged items? Why or why not? If not, what changes do you recommend and why?

We do not agree that for a net position hedge, any hedging instrument gains or losses recognised in profit or loss should be presented in a separate line from those affected by the hedged items. We believe that this requirement is too complex and does not reflect the nature of a company's risk management activities.

**Disclosures (paragraphs 40–52 and BC183–BC208)****Question 13**

(a) Do you agree with the proposed disclosure requirements? Why or why not? If not, what changes do you recommend and why?

(b) What other disclosures do you believe would provide useful information (whether in addition to or instead of the proposed disclosures) and why?

Overall we agree with the proposed disclosure requirements. However, we believe

that some of the disclosure requirements are too detailed. For example, the information to be disclosed according to paragraph 46 of the ED could be sensitive information for the reporting entity. We suggest that disclosures be made by types of hedges or types of risks on an aggregated basis. In addition, we recommend the Board consider the disclosure requirements when hedge accounting is applied partially to hedging activities. For example, if a reporting entity applies hedge accounting to a part of a hedging activity, but not the other part, what would the entity need to disclose for the part that hedge accounting is not applied.

### **Accounting alternatives to hedge accounting (paragraphs BC208–BC246)**

#### **Accounting for a contract for a non-financial item that can be settled net in cash as a derivative (Appendix C and paragraphs BC209–BC218)**

##### **Question 14**

Do you agree that if it is in accordance with the entity's fair value-based risk management strategy derivative accounting would apply to contracts that can be settled net in cash that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements? Why or why not? If not, what changes do you recommend and why?

We agree. We notice that IAS39 allows that financial instrument accounting be applied to non-financial contracts that can be settled net in cash, except for "own use" non-financial contracts held for the purpose of expected purchase, sale or usage requirements. The ED has removed this restriction. Although this method of accounting is not hedge accounting, we believe that this treatment also reflects risk management activities, which is in line with the hedge accounting purpose in the ED.

### **Accounting for credit risk using credit derivatives (paragraphs BC219–BC246)**

##### **Question 15**

- (a) Do you agree that all of the three alternative accounting treatments (other than hedge accounting) to account for hedges of credit risk using credit derivatives would add unnecessary complexity to accounting for financial instruments? Why or why not?
- (b) If not, which of the three alternatives considered by the Board in paragraphs BC226–BC246 should the Board develop further and what changes to that alternative



would you recommend and why?

We agree. We believe that all of the three alternative accounting treatments would add unnecessary complexity to accounting for financial instruments. Therefore, we agree with the Board that none of the three alternative accounting treatments is recommended. We suggest that the Board make it clear that the treatment of credit risk hedging needs to follow the current method mentioned in the ED only. At the same time, we hope that the Board can further investigate into this issue.

**Effective date and transition (paragraphs 53–55 and BC247–BC254)**

**Question 16**

Do you agree with the proposed transition requirements? Why or why not? If not, what changes do you recommend and why?

We disagree with the effective date. We propose this be delayed till January 1<sup>st</sup> 2015 or 2016. We agree with the proposed transition requirements.