

Accounting for Derivatives

IFRS 9 Financial Instruments Requirement Changes

Managing hedge accounting for a company can be extremely challenging. Hedge accounting standards under US GAAP, IFRS or local GAAPs are highly nuanced and properly applying them is equally complex and potentially confusing. Interpreting the accounting standards is multifaceted and requires deep experience and significant technical expertise.

The ISDA IFRS 9 Hedge Accounting Interpretation Working Group

Topics and Scope

The ISDA IFRS 9 Hedge Accounting Interpretations Working Group allows members to share views and decipher some of the most complex areas of derivatives accounting by:

- discussing the impact on members' internal hedge accounting models under the new rules, including the options under the new framework for hedge accounting IAS39/IFRS 9/UK GAAP
- discussing how these changes might affect risk management choices and specific transactions
- discussing how hedge accounting works under the new framework and when applying can be beneficial for companies

Approach

To be effective, the Working Group agreed that all topics and questions submitted by members require:

- a clear definition of the topic and the particular clause(s) in the Standard to address

- a description of possible options with the pros and cons for discussion; may include a preferred solution
- submit topic(s) more than one week in advance to allow sufficient time to circulate the agenda and proposed alternate views
- the member proposing the question/topic should make a short summary and conclusion to circulate to the group
- the Working Group may contact the Big 4 accounting firms to discuss members' views and positions on interpretative issues with the aim to obtain a consensus from them
- if necessary, the working group will approach the IFRIC or the IASB

A Member Driven Organization with Technical Expertise

A wide range of companies worldwide manage risks associated with the interest rate, foreign currency and commodities. Whether your company is seeking to optimize an established accounting solution, no other Association can surpass the technical expertise and knowledge our industry-driven working groups offer to overcome accounting challenges and reach consensus on important industry issues.

The ISDA IFRS 9 Hedge Accounting Interpretations Working Group provides an independent perspective and deep technical accounting expertise in which members gain a strategic advantage with cost savings for all participants.

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