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IASB proposes targeted amendments to IFRS Standards in response to IBOR reform

The International Accounting Standards Board (Board) has published for public comment proposed changes to the old and new financial instruments Standards, IAS 39 and IFRS 9, in light of the reform of interest rate benchmarks such as interbank offer rates (IBORs).

The Board has proposed to amend IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* to provide relief from specific hedge accounting requirements that could have resulted in the discontinuation of hedge accounting solely due to the uncertainty arising from interest rate benchmark reform.

IFRS Standards require companies to use forward-looking information to apply hedge accounting. While interest rate benchmark reform is ongoing, uncertainty exists about when the current interest rate benchmarks will be replaced and with what interest rate. Without the proposed amendments, this uncertainty could result in a company having to discontinue hedge accounting solely because of the reform's effect on its ability to make forward-looking assessments. This, in turn, could result in reduced usefulness of the information in the financial statements for investors.

Hans Hoogervorst, Chair of the International Accounting Standards Board, said:

The Board has responded quickly to propose changes that will help address the uncertainties surrounding IBOR reform until the outcome of the reform is clear.

The Board is considering the accounting implications arising from the reform in two stages. These proposed amendments relate to the effects of uncertainty in the period leading up to the replacement of interest rate benchmarks. As more information becomes available about the replacements, the Board will assess the potential accounting implications of reform and determine whether to take further action.

Proposed amendments to IFRS 9 and IAS 39 can be viewed in the Exposure Draft *Interest Rate Benchmark Reform*.

Comment letters can be submitted [here](#).

The comment deadline is 17 June 2019. The Board aims to issue final amendments later in 2019.