



To:	AASB members	Date:	19 August 2014
From:	Sue Lightfoot	Agenda Item:	11.1 (M140)
Subject:	Discussion Paper: Accounting for Dynamic Risk: A Portfolio Approach to Macro Hedging		

Action

Consider feedback from outreach activities and consider the key issues arising from the IASB's Discussion Paper on *Accounting for Dynamic Risk: A Portfolio Approach to Macro Hedging*

To consider outreach activities on the IASB Discussion Paper

Attachments

Agenda Paper 11.2 Discussion Questions for Roundtable – 19 August 2014

Agenda Paper 11.3 An Issues paper on Accounting for Dynamic Risk Management [to be tabled]

Background

The IASB issued a 'final' version of IFRS 9 *Financial Instruments* on 24 July 2014.

IFRS 9 has been issued in a phased approach with an objective of replacing IAS 39 *Financial Instruments Recognition and Measurement* in full for classification and measurement, recognition and derecognition, hedge accounting and impairment. However the requirements relating to fair value hedge accounting for a portfolio hedge of interest rate risk – commonly known as accounting for 'macro-hedging'¹ remain in IAS 39.

In its May 2012 Board meeting the IASB scoped macro-hedging out of the IFRS 9 project. The IASB decided to issue a DP on macro hedging rather than an exposure draft to enable it to seek views from constituents on a range of alternatives and broaden the scope beyond interest rate risk.

The IASB issued the DP *Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging* in April 2014. The IASB's discussion paper was incorporated into AASB Invitation to Comment [ITC 31](#).

The DP sets out a new 'portfolio revaluation approach' (PRA) for accounting for open portfolios of financial instruments for which 'dynamic risk management' (DRM) is used.

Comments on ITC 31 are due to the AASB by 19 September 2014, comments are due to the IASB on its Discussion Paper by 17 October 2014.

¹ Refer to IAS 39 paragraphs 89-94.

Outreach Activities

The AASB has scheduled two roundtables for discussion of ITC 31.

- A ‘by invitation’ roundtable focussing on the major banks: 19 August 2014
- A general roundtable: Thursday 4 September 2014.

Each roundtable will run via videoconference linking venues in Sydney and Melbourne. IASB board members and IASB staff will participate via videoconference from London.

A phone conference will also be available for Board members and staff of the New Zealand Accounting Standards Board to attend.

The Discussion Questions for attendees of the roundtables is provided as agenda paper 11.2.

Consideration of Key Issues

AASB staff will table an issues paper (tabled agenda paper 11.3) to consider the key issues arising from ITC 31, taking into account feedback received from outreach activities.