
IASB webinar call for
research papers:

PIR IFRS 9—Hedge
Accounting

Presenting today



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Overview

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Overview

- Post-implementation review of IFRS 9—Hedge Accounting
- IFRS 9 Hedge Accounting requirements
- Research Opportunities
- Q&A

Post-implementation review of IFRS 9—Hedge accounting



This webinar

Purpose of the webinar

- Stimulate academic research to support the Post-implementation Review (PIR) of IFRS 9 – Hedge Accounting

Status of the PIR

- Start date to be discussed in second half of 2023
- Allowing time for trend information, academic research, etc to become available

Post-implementation reviews

Recently completed

PIR of IFRS 10, IFRS 11 and IFRS 12

PIR of IFRS 9—Classification and Measurement

PIR of IFRS 9—Impairment

Ongoing


PIR of IFRS 15 *Revenue from Contracts with Customers*

PIR of IFRS 16 *Leases*

Forthcoming

PIR of IFRS 9—Hedge Accounting

Objectives of a Post-implementation Review

- ① Assess whether Accounting Standard has improved financial reporting (without disproportionate cost)
 - Is the Accounting Standard working as intended?
 - Are there any significant unexpected effects?
 - Are the requirements capable of being applied consistently?
 - ② Identify any lessons to improve the standard-setting process
 - For example, are there any learnings for when Board develops disclosure or transition requirements?
-  Not a redeliberation of the Accounting Standard—consider new information from its use

Approach to research



Research helpful if it provides evidence to assess whether outcomes in line with expectations



IFRS 9 – Hedge Accounting affected the financial sector and non-financial entities that adopted the hedge accounting model



Review of

- Financial statements
- Investor and analyst reports
- Publications of accounting firms
- Academic literature



Interviews
/Surveys
/Experiments

- Preparers, auditors and regulators
- Investors and analysts

IFRS 9 Hedge Accounting requirements

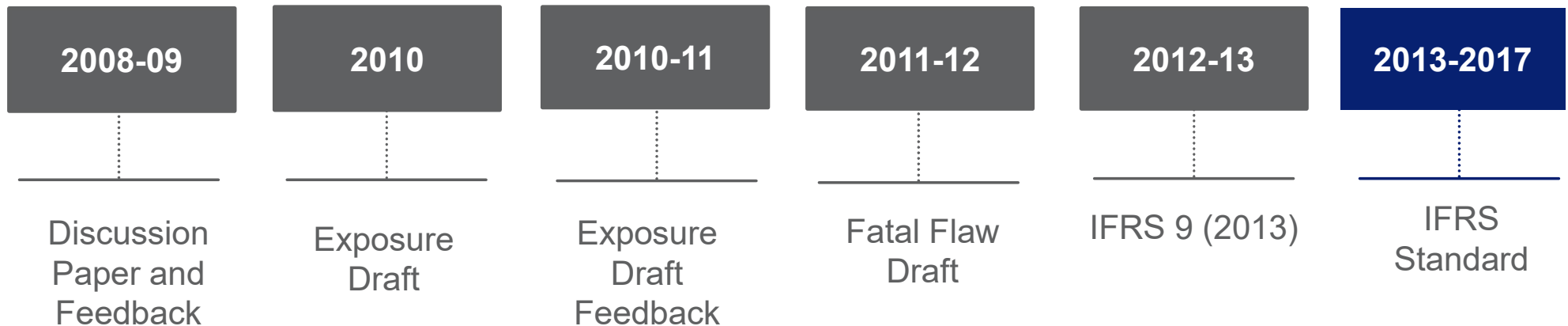


Overview of the IFRS 9 hedge accounting project



Objectives:

- to more closely align risk management and accounting
- to enable preparers to better reflect hedging in financial statements
- to improve information about risk management activities



Objectives of the new hedge accounting model

IFRS 9 incorporates a major overhaul of hedge accounting that more closely aligns risk management with accounting.

- to more closely align risk management and accounting
- to enable preparers to better reflect hedging in financial statements
- to improve information about risk management activities (via new disclosures)

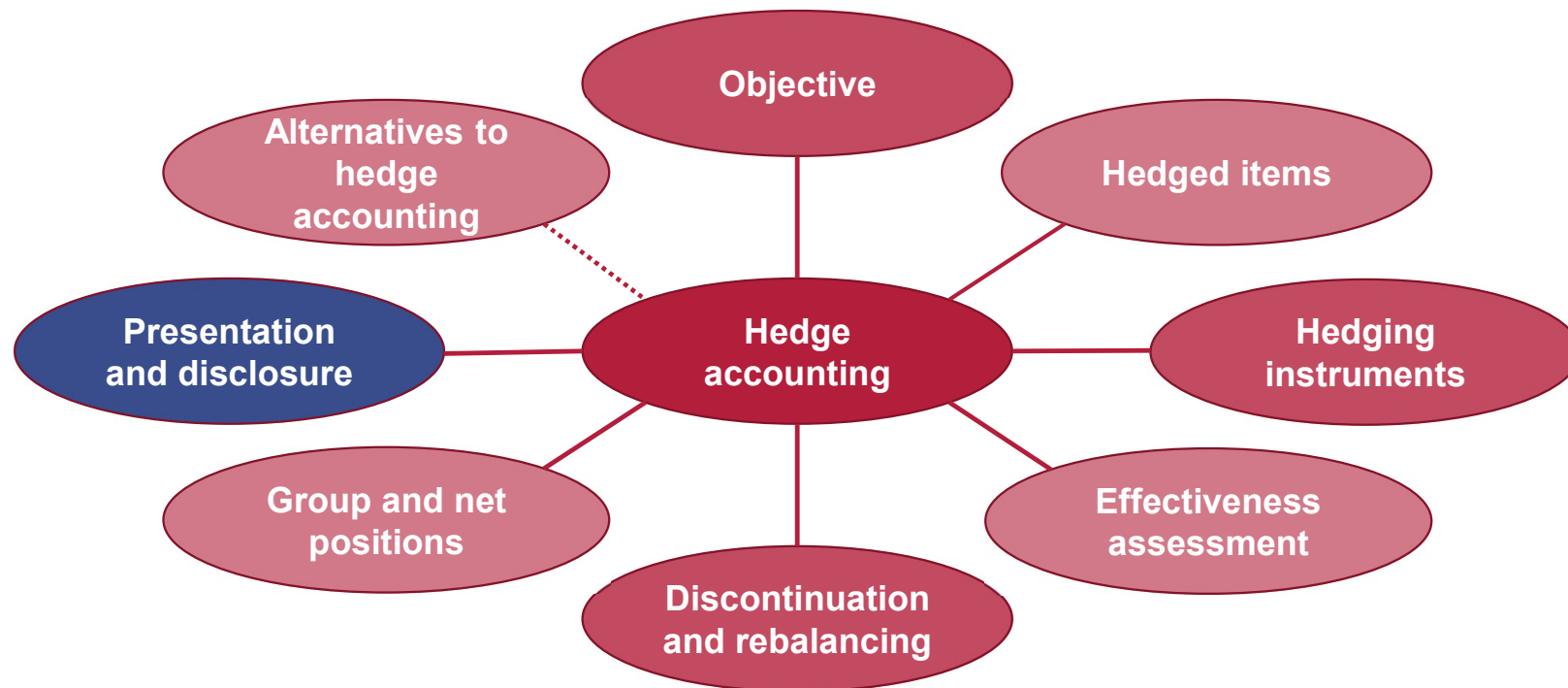
Major improvements

- Ability to designate **risk components** of non-financial instruments.
- Ability to hedge **aggregated exposures** (combinations of derivatives and non-derivatives).
- Introduction of '**costs of hedging**' to improve the transparency around some hedging instrument.
- A **principle-based hedge effectiveness** assessment to achieve hedge accounting.



A new
approach on
how risk
management
interacts with
accounting

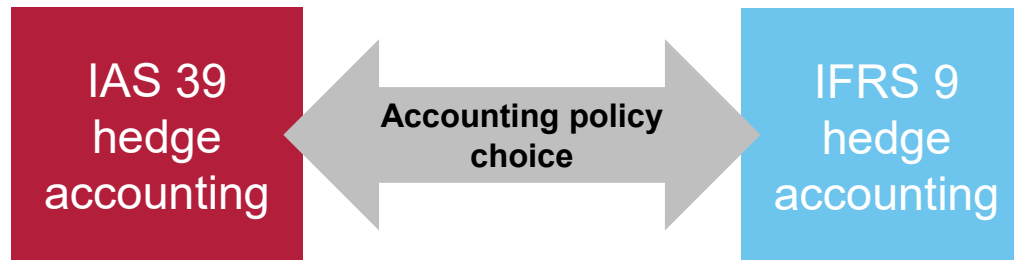
Aspects considered



Application of enhanced hedge accounting disclosures

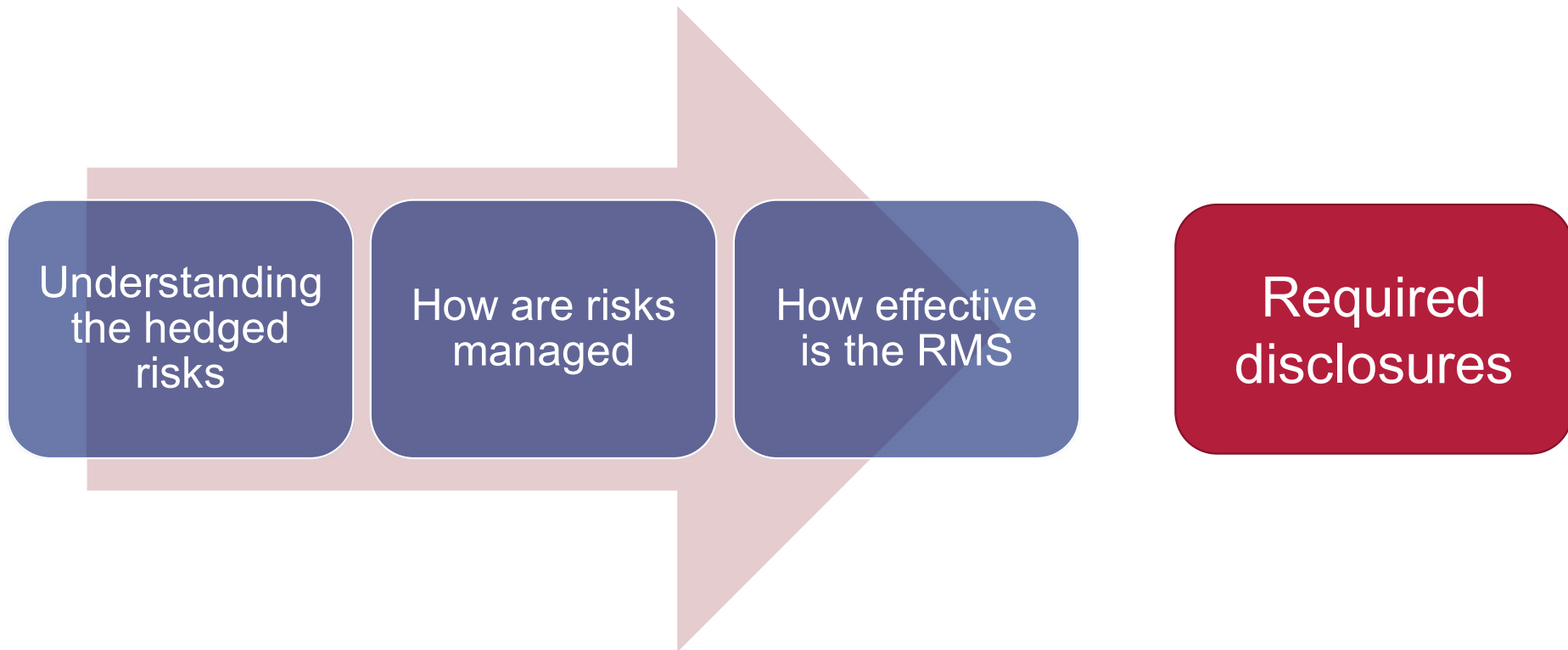
Even if IFRS 9 is applied, the specific portfolio hedge accounting requirements in IAS 39 can still be used

Entities can choose to keep using IAS 39 hedge accounting for the entire hedge accounting or specifically for their portfolio fair value hedges.



The enhanced hedge accounting disclosures in IFRS 7 applies regardless of the accounting policy choice

Enhanced disclosures – Objectives



Enhanced disclosures – Key changes

- Detailed disclosures about an entity's risk management strategy
- Focus on the hedging instrument rather than the hedged item with respect to amount, timing and uncertainty of CFs
- Disclosure not only by type of hedge but also by risk category
- All disclosures to be provided in a single location making use of tables

Enhanced disclosures – Example of tabular disclosures

What is required for hedged items?

Tabular disclosures by type of hedge and risk category:

	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for 20X1
		Assets	Liabilities		
Cash flow hedges					
<i>Floating interest rate risk: Interest rate swap contracts</i>	XX	XX	XX	Line item XX	XX
<i>Foreign exchange risk combined with floating interest rate risk: Cross currency swaps</i>	XX	XX	XX	Line item XX	XX

Enhanced disclosures – Implications

- The new disclosures explain both the effect of hedge accounting to the financial statements and an entity's risk management strategy
- Provide details about derivatives used for hedging
- Provide not only details by type of hedge but also by risk being hedged
- Every entity needs to apply enhanced disclosure requirements, therefore they impact on all users and preparers

Research Opportunities



Potential research opportunities

Both quantitative and qualitative research approaches are welcome



Textual
analysis of
disclosures



Experiments



Structural
interviews, case
studies and
focus groups



Empirical
archival
research

Textual analysis of disclosures about hedging activities and risk management

- How have disclosures (and disclosure quality) changed?
- Has the usefulness of disclosures for investors improved?
- What factors are associated with better hedge accounting disclosures?
- What costs or benefits of better disclosure are observed?



Experiments

To what extent do the new disclosures facilitate improved understanding of risk management or the impact of hedge accounting on the financial statements?



Variety of methods...

Structured
interviews

Case
studies

Focus
groups

Analytical
approaches

Single country studies

Multi country studies

To explore:

- Costs, benefits, and transition experience for companies that have adopted IFRS 9
- Benefits for users of more transparent disclosures about hedging activities and risk management

Empirical archival research

A pre-post design including companies adopting IFRS 9 and those continuing to use IAS 39 for hedging:

- What are the determinants of adopting IFRS 9?
- Have companies changed their use of hedging, and is this associated with better risk management outcomes?
- What are the market impacts of the new hedging requirements?

Important

Impact	Relevance	Submission deadline	Submission outcome	Online workshop
Opportunity to contribute to the work of the IASB	Authors should explain how the evidence is useful to the PIR	1 September 2023	8 October 2023	October 2023

To submit your paper, please follow the Accounting & Finance Author Guidelines at:

[Accounting & Finance \(wiley.com\)](https://www.wiley.com/accounting-and-finance)

Helpful materials

Resources available on our website

Supporting materials sorted by Standard

Website
www.ifrs.org



IFRS
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Cross-cutting
materials

News and
events



Videos



For example, for IFRS 9 *Financial Instruments*:



Webinars



Articles

Leaflet

Supporting IFRS
Accounting
Standards



Transition
Resource
Group



Agenda
decisions

www.ifrs.org/supporting-implementation/supporting-materials-by-ifrs-standard/ifrs-9/

IFRS Standards and their Annotated equivalents



IFRS Standards

The IFRS[®] Standards
Required 2022

The IFRS[®] Standards
Issued 2022

IFRS Standards + extensive cross-references + annotations

The Annotated IFRS[®]
Standards Required 2022

The Annotated IFRS[®]
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Annotated IFRS Standards also available in Spanish

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