
IFRS® Interpretations Committee meeting

Date	June 2023
Project	Classification of Cash Flows related to Variation Margin Calls on ‘Collateralised-to-Market’ Contracts
Topic	Initial consideration
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Introduction

1. The IFRS Interpretations Committee (Committee) received a submission about how an entity presents, in the statement of cash flows, cash payments and receipts related to variation margin calls on contracts to purchase or sell commodities at a predetermined price in the future. The contracts described in the submission are centrally cleared and ‘collateralised-to-market’ derivatives.
2. The objective of this paper is:
 - (a) to provide the Committee with a summary of the matter;
 - (b) to present our research and analysis; and
 - (c) to ask the Committee whether it agrees with our recommendation not to add a standard-setting project to the work plan.

Structure

3. This paper includes:
 - (a) [Summary of the submission](#);

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- (b) [Findings from information request](#);
 - (c) [Staff analysis](#); and
 - (d) [Staff recommendation](#).
4. There are two appendices to this paper:
- (a) [Appendix A—suggested wording for the tentative agenda decision](#); and
 - (b) [Appendix B—submission](#).

Summary of the submission

5. The submission describes a contract (that is, a derivative) to purchase or sell commodities, used in an entity's economic activities, at a predetermined price at a specified time in the future. The contract in question typically has a maturity of up to three years and:
- (a) *is centrally cleared*—after a new contract is entered into, for the purpose of settlement via a central counterparty, the contract is novated by each counterparty to the central counterparty.
 - (b) *is 'collateralised-to-market'*—during the life of the contract, the counterparties make or receive daily payments based on the fluctuations of the fair value of the contract (variation margin call payments). These variation margin call payments represent a transfer of cash collateral (hence the contract is 'collateralised-to-market'), rather than a partial settlement of the contract (as in 'settled-to-market' contracts).
6. The contract may be settled physically or net in cash. At settlement, the cumulative collateral received during the life of the contract (that is, the variation margin call payments to date) is used for partial settlement of the contract. Therefore, if the contract is settled net in cash, the final payment at settlement reflects the difference between the fair value of the contract at the last variation margin call payment and the fair value of the contract at settlement.

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7. The submission notes that an entity may enter into the contract for various reasons and applies the relevant requirements in IFRS Accounting Standards accordingly. For example, the entity may use the contract:
- (a) *to receive commodities in accordance with its expected usage requirements.*
The contract would therefore be settled physically, and the entity could account for the contract in accordance with paragraph 2.4 of IFRS 9 *Financial Instruments* if it meets the ‘own-use’ exemption.
 - (b) *to hedge against fluctuations in the prices of commodities.*
The contract would therefore be settled net in cash. The entity would account for the contract as a hedging instrument in a cash flow hedging relationship by applying the relevant requirements in IFRS 9.
 - (c) *to use the contract for trading purposes.*
The entity would therefore classify the contract as subsequently measured at fair value through profit and loss by applying the relevant requirements in IFRS 9.
8. However, the question in the submission focuses only on the classification of cash flows related to variation margin call payments on the contract, and not the classification or measurement of the contract or variation margin itself, nor the presentation in the statement of financial position or statement of profit or loss.
9. The submission identifies two alternative views, namely that the cash flows related to variation margin call payments on the contract:
- (a) may be classified as cash flows from activities *other than operating* (View 1).
 - (b) should be classified as cash flows from *operating* activities (View 2).
10. Appendix B to this paper reproduces the submission, which provides further details and explains the rationale supporting each of the two alternative views.

Findings from information request

11. We sent an information request to members of the International Forum of Accounting Standard Setters, securities regulators and large accounting firms. We also made the submission available on our website.
12. The request asked the respondents:
 - (a) whether they have observed *widespread* diversity that could have a *material* effect in how entities classify the cash flows related to variation margin call payments on contracts as described in the submission; and
 - (b) if the respondents have observed widespread diversity:
 - (i) in their view, what the root cause of the observed diversity is;
 - (ii) in which jurisdictions or industries the diversity is present; and
 - (iii) whether they have also observed diversity in similar fact patterns other than the one described in the submission.
13. We received 14 responses—namely from six accounting firms, four national standard-setters and four securities regulators. The responses received represent informal opinions and do not reflect the official views of those respondents or their organisations.

Has widespread diversity been observed?

14. Seven of the 14 respondents said they have not (or have rarely) observed contracts as described in the submission. These respondents comprise an accounting firm, three national standard-setters and three securities regulators.
15. In addition, three accounting firms said that although they have observed such contracts, they have observed no or little diversity in how entities classify the cash flows related to variation margin call payments on the contracts.

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16. These respondents said entities generally classify—or are expected to classify—the cash flows related to variation margin call payments on such contracts as cash flows from *operating* activities. This approach is similar to View 2 in the submission (see paragraph 9(b) of this paper and paragraphs 15–31 of Appendix B to this paper). A few of these respondents provided additional comments:
- (a) a securities regulator said that, while it expects such contracts to be common, entities generally do not disclose information about them and it is therefore not able to determine whether there is widespread diversity. The respondent said it is unclear whether the lack of disclosure is due to the insignificance of the contracts or other reasons.
 - (b) an accounting firm said that, although it has not observed diversity, the potential diversity that could arise as described in the submission could lead to ‘significantly different outcomes and volatility in cash flow indicators’ that entities commonly use.
17. The remaining four respondents said, although they have not observed widespread diversity that could have a material effect in how entities classify the cash flows related to variation margin call payments on such contracts, they have observed some diversity in practice. These respondents comprise two accounting firms, one national standard-setter and one securities regulator.
18. The national standard-setter said it has ‘partially’ observed diversity but cannot comment whether the diversity has a material effect. The respondent said that:
- (a) some entities classify *all* cash flows arising from such contracts (including those related to variation margin call payments) as cash flows from *operating* activities.
 - (b) other entities classify cash flows related to variation margin call payments on such contracts depending on whether the margin account is in an asset or a liability position. These entities classify the cash flows:

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- (i) as cash flows from *investing* activities if the margin account is in an *asset* position; and
 - (ii) as cash flows from *financing* activities if the margin account is in a *liability* position.

 - 19. One accounting firm said it has observed only limited diversity in a few jurisdictions—in two such jurisdictions, diversity as described in paragraph 18 of this paper was observed. Another accounting firm said it has observed diversity but, due to limited information, cannot confirm whether the diversity is widespread and/or has a material effect. They said:
 - (a) some entities classify *all* cash flows arising from such contracts (including those related to margin calls) as cash flows from *operating* activities. However, if the underlying contract is accounted for as a hedge of an identifiable position, these entities classify the cash flows as either cash flows from *investing* activities or *financing* activities by applying paragraph 16 of IAS 7.
 - (b) other entities classify cash flows related to variation margin call payments on such contracts as cash flows from *financing* activities.

 - 20. The securities regulator said it found diversity only upon reviewing sample financial statements. The respondent said:
 - (a) financial institutions (including investment funds), typically classify cash flows related to margin calls on such contracts as cash flows from *operating* activities.
 - (b) some mining entities, classify cash flows related to margin calls on such contracts as cash flows from *operating* activities, while others classify them as cash flows from *financing* activities.

What is the root causes of the diversity?

21. The respondents who have observed some diversity (see paragraphs 17–20 of this paper) cited the following causes:
- (a) *different reasons for entering into such contracts*—for example, a national standard-setter observed entities classify the cash flows related to variation margin call payments depending on their reasons for entering into such contracts.
 - (b) *diverse interpretations of the requirements in the IFRS Accounting Standards*—for example, a few respondents said that IAS 7 does not provide explicit guidance on how an entity should classify the cash flows related to variation margin call payments. As a result, entities may:
 - (i) apply guidance published by accounting firms—one such guidance sets out two approaches that are similar to those described in paragraph 18 of this paper; or
 - (ii) draw analogy to the relevant requirements in US GAAP—these entities classify the cash flows related to variation margin call payments in a manner described in paragraph 18(b) of this paper.

Are there similar fact patterns?

22. One accounting firm said the submission describes a less common fact pattern. The respondent said contracts with different collateral and settlement mechanisms may be more common—for example, bilateral (as opposed to centrally-cleared) derivatives contracts or derivative contracts that require non-cash collaterals or no collaterals at all.
23. A securities regulator noted similarities between the fact pattern described in the submission and other transactions involving cash collaterals, which it said are prevalent in many industries and can have a material effect. The respondent said determining the unit of account is an important consideration—that is, whether the

cash collateral and the contract should be accounted for as a single unit of account or separately.

Staff analysis

Should the Committee add a standard-setting project to the work plan?

24. Paragraph 5.16 of the [Due Process Handbook](#) sets out the criteria the Committee considers when determining whether to add a standard-setting project to the work plan. One criterion, included in sub-paragraph 5.16(a), is that ‘the matter has widespread effect and has, or is expected to have, a material effect on those affected’.
25. The responses to our information request (as summarised in paragraphs 14–23 of this paper) indicate that this criterion is not met.
26. Firstly, the responses indicate that many of the respondents have not observed contracts similar to these described in the fact pattern—namely centrally cleared collateralised-to-market derivatives. The remaining respondents that have observed such contracts in practice, identified only limited, if any, diversity in how entities classify cash flows related to variation margin payments. Furthermore, even when some diversity have been observed, none of the respondents provided evidence that such diversity could have a material effect on entities.
27. We also noted respondents feedback that cash flows related to variation margin payments might be classified differently between entities because of differences in the underlying contractual terms, the contract duration, the purposes for which entities are using the contracts as well as differences in the business activities of entities. In our view, if there are differences in how cash flows are classified in the cash flow statement because of such reasons, those differences do not necessarily indicate diversity in the application of the relevant requirements.

28. Based on the information provided by respondents, we therefore do not consider there to be an indication that there is widespread diversity that could have a material effect on those affected.
29. Furthermore, we note that two of the world's largest central counterparties—the Chicago Mercantile Exchange (CME) and London Clearing House (LCH)¹—had amended their rules, such that variation margin payments are now legally considered settlement payments, rather than transfers of collaterals. Therefore, in our view, the fact pattern described in the submission is unlikely to become widespread and/or have a material effect in the future.

Staff recommendation

30. Based on our assessment of the work plan criteria in paragraph 5.16 of the *Due Process Handbook* (as discussed in paragraphs 24–29), we recommend that the Committee does not add a standard-setting project to the work plan. We recommend the Committee instead publishes a tentative agenda decision that explains its reasons for not adding a standard-setting project.
31. Appendix A to this paper suggests wording for the tentative agenda decision.

Questions for the Committee

1. Does the Committee agree with our recommendation not to add a standard-setting project to the work plan?
2. Does the Committee have any comments on the wording of the tentative agenda decision suggested in Appendix A to this paper?

¹ See [here](#) for Rule 814 of the Chicago Mercantile Exchange's Rulebook as amended and see [here](#) for the London Clearing House's circular setting out the rule change.

Appendix A—suggested wording for the tentative agenda decision

Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts (IAS 7 Statement of Cash Flows)

The Committee received a request about how an entity presents, in the statement of cash flows, cash payments and receipts related to variation margin calls on contracts to purchase or sell commodities at a predetermined price in the future.

Fact pattern

The request describes a contract to purchase or sell commodities, used in an entity's economic activities, at a predetermined price at a specified time in the future. An entity may enter into the contract for various reasons and applies the relevant requirements in IFRS Accounting Standards accordingly. For example, the entity may use the contract:

- (a) to receive commodities in accordance with its expected usage requirements.
- (b) to hedge against fluctuations in the prices of commodities.
- (c) to use the contract for trading purposes.

The contract in question typically has a maturity of up to three years, can be settled physically or net in cash and:

- (a) *is centrally cleared*—after a new contract is entered into, for the purpose of settlement via a central counterparty, the contract is novated by each counterparty to the central counterparty.
- (b) *is 'collateralised-to-market'*—during the life of the contract, the counterparties make or receive daily payments based on the fluctuations of the fair value of the contract (variation margin call payments). These variation margin call payments represent a transfer of cash collateral (hence the contract is 'collateralised-to-market'), rather than a partial settlement of the contract (as in 'settled-to-market' contracts).

The request asked how an entity presents, in the statement of cash flows, the cash flows related to variation margin call payments on the contract.

Findings

Evidence gathered by the Committee [to date] indicated that the matter described in the request is not widespread.

Conclusion

On the basis of that evidence, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee [decided] not to add a standard-setting project to the work plan.

Appendix B—submission

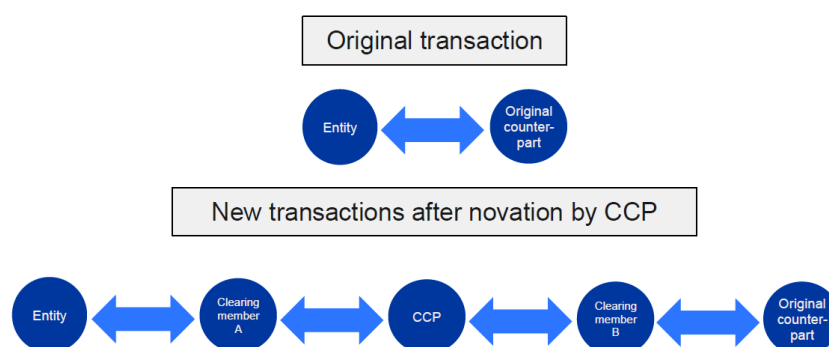
B1. We have reproduced the submission below, and in doing so deleted details that would identify the submitter of the request.

[...]

1 Description of the issue

1. The issue relates to the presentation of cash flows related to margin calls on certain centrally cleared contracts to purchase or sell commodities at a predetermined price at a specified time in the future.
2. The contracts in question, which typically have a maturity up to three years, are entered into between entities that use commodities in their economic activities (e.g., producers of chemicals) and transacted through regulated commodity exchanges. These entities conclude the contracts for various reasons:
 - a. Receipt of the commodity in accordance with the entity's expected usage requirements. Contracts are physically settled and accounted for in accordance with paragraph 2.4 of IFRS 9 *Financial Instruments* ('own use' contracts).
 - b. Hedging of the exposure to fluctuations in commodity prices. These contracts are usually settled net and accounted for as hedging instruments in cash flow hedges.
 - c. Trading purposes (generating a profit from short-term fluctuations in price). Contracts are measured at fair value through profit and loss in accordance with the requirements of IFRS 9.²
3. After a new contract is entered into, for the purpose of settlement via a central counterparty (CCP), the contract is novated by CCP and Clearing members guarantee these contracts towards the CCP.

² When a contract is novated, both parties of the contract agree that the responsibilities and obligations of one party are transferred from the original signee to a third party (the original contract ceases to exist and is replaced by another contract).



4. The novation results in each of the two original parties holding a contract vis-à-vis the clearing members, which in turn hold contracts subject to the same conditions vis-à-vis a CCP.
5. The contracts that are the subject of this submission are ‘collateralised-to-market’ contracts, which means that under the contractual agreement between the parties, daily payments made by the parties during the life of the contract, which cover fluctuations of the fair value of the contract (margin payments), represent transfers of cash³ collateral and not partial settlement of the contract (as in the case with “settled-to-market’ contracts).
6. In practice, any price difference will result in (variation) margin payments between the entity and the Clearing member correspond to the margin payments between the clearing member and the CCP.⁴
7. On the settlement date, the contract is settled in cash or physically. The settlement payment occurs between the entity and the Clearing member (mirrored by the payment between the Clearing member and the CCP). Upon settlement, the amount of the cash collateral transferred over the life of the contract is realised and thus the final

³ Generally, any type of collateral acceptable by the CCP or the Clearing member can be posted for CTM variation margin calls but, in the presented fact pattern, cash collateral is deposited to cover both negative and positive price movements.

⁴ More specifically, initial margin (IM) should be considered. Positive price differences result in credits reducing the IM so that less margin will have to be posted by the entity to Clearing member (and the clearing member to the CCP) with the IM being reduced to a ceiling of zero.

payment⁵ reflects the change in the market value of the contract between the date/time of the last margin call and the settlement date/time.

8. [The submitter] has observed that some entities present all cash flows related to margin calls over the life of the contracts within cash flows from financing activities in their statements of cash flows, regardless of the reason for which the contract was entered into (as outlined in paragraph 2 above), while other entities present those cash flows within cash flows from operating activities.
9. On the settlement date of the contract, entities that classify margin call cash flows as financing activities present the settlement payment as cash flows from operating activities. In addition, at the same time, they eliminate the cumulative amount of cash flows from margin calls for the settled contract previously classified as financing cash flows from the cash flows from financing activities and add this amount to cash flows from operating activities. As a consequence, cash flows from operating activities do not reflect the volatility stemming from the fair value changes during the life of the contracts.
10. [The submitter] notes that there are two views as to whether the presentation of cash flows related to contracts in the statement of cash flows as described above is consistent with the requirements of IAS 7 *Statement of Cash Flows*:

View 1: The presentation of cash flows related to margin calls within cash flows from financing activities complies with the requirements of IAS 7

11. Proponents of View 1 point out that the collateral payments have a different legal character than the settlement payments and therefore give rise to different rights and obligations.
12. The payment of collateral is not a payment or cash flow on the related contract and, as a result, the classification of cash flows in the cash flow statement does not depend on the classification of the cash flows on the contract. During the period that the entity pays or receives cash through the margin account, the entity has a claim on the

⁵ In the case of cash-settled contracts. In the case of physically settled contracts, the underlying commodity is settled against the contractual price with a similar outcome.

counterparty (Clearing member) in the amount of the collateral transferred. Often, the cash held in a margin account also earns interest, in which case it can be seen economically as an investment of the entity. Therefore, the classification of cash flows related to margin calls as cash flows from activities other than operating activities does not contradict the requirements of IAS 7.

13. Different presentation of the cash flows related to the margin calls and cash flows of the contract is also consistent with the presentation on the balance sheet of the entity. Receivables or payables recognised due to collateral payments to or from the clearing house are different financial assets or financial liabilities than corresponding financial liabilities or financial assets recognised for the contracts.
14. Although eliminating the cumulative amount of margin cash flows for the settled contract previously classified as financing cash flows from cash flows from financing activities and adding the same amount to cash flows from operating activities on settlement may look like a reclassification of cash flows, it is not a reclassification. On settlement of the contract, there are effectively two simultaneous cash flows between the entity and the Clearing member: (i) a collateral cash flow (from or to the margin account) and (ii) a cash flow to settle the contract. These cash flows are netted into the net payment instructions.

View 2: The presentation of cash flows related to margin calls within cash flows from financing activities does not comply with the requirements of IAS 7

15. Proponents of View 2 consider that all cash flows resulting from margin payments or receipts should be presented as cash flows from operating activities. In the paragraphs below, their reasoning is presented separately for (a) contracts treated as ‘own use’ contracts, (b) contracts designated in hedge accounting relationships and (c) contracts for trading purposes.
 - a) ‘Own use’ contracts
16. Proponents of View 2 acknowledge that IAS 7 does not provide guidance for the presentation of cash flows from margin calls for ‘own use’ contracts. However, as these cash flows are (i) inherently linked to the contracts, (ii) determined based on the

fair value of the contracts, and (iii) taken into account when the settlement cash flow is determined, it is considered appropriate for the cash flows from the margin calls to be recognised consistently with cash flows from the settlement of the contracts from which they arose, i.e. within cash flows from operating activities.

17. In addition, proponents of View 2 argue that even assuming that the presentation of cash flows from margin calls is not determined by the presentation of the cash flows from the contracts, the presentation of cash flows from margin call within other activities than operating activities (i.e., financing activities or investing activities) would not be consistent with the requirements of IAS 7. This is explained below in greater detail.
 - i. Cash flows from financing activities
18. Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity (paragraph 6 of IAS 7). Paragraph 17 of IAS 7 states that the separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity. Although the term ‘borrowings’ is not defined in an exhaustive manner, the paragraph provides a number of examples, including cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short-term or long-term borrowings, and cash repayments of amounts borrowed.
19. A Clearing member that receives or makes margin calls payments does not provide capital to the entity. It maintains margin call accounts with opposite balances for the parties of the contract, and the account balances fluctuate on a daily basis depending on the movements in the fair values of the related contract. With this, the margin call account balances can result for the entity not only in a financial asset but also in a financial liability. Economically, the balance of the margin account does not represent capital as it covers losses resulting from the contract. A treasury department within an entity cannot rely on margin calls to fund the entity’s operations and/or investments because it neither has access to these funds nor controls the development of those balances. This is also different from a revolving credit facility, where the entity does

have control over the amounts withdrawn under the facility. Therefore, cash flows from margin calls do not qualify as cash flows from financing activities.

ii. Cash flows from investing activities

20. Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents (paragraph 6 of IAS 7). According to paragraph 16 of IAS 7, separate disclosure of cash flows arising from investing activities is important because cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Paragraph 17 of IAS 7 provides a number of examples of investing activities, including cash advances and loans made to other parties.
21. Collateral can represent a resource intended to generate future income and cash flows. Similar to a loan or a cash advance, it is intended to be reimbursed to the party that made the deposit after that party has fulfilled its contractual obligations, thereby generating future cash flows. However, this is not the case with margin calls as the balance of the margin account is not repaid but used for the settlement payment on the settlement date. Therefore, margin calls have a different nature than an advance or a loan.
22. The fact that the margin call accounts generate interest is not an element that should determine their classification for the cash flow statement purposes. In this respect, proponents of View 2 note that trade accounts receivable may also generate interest, which does not result in the presentation of their cash flows as part of investing activities.
23. Proponents of View 2 acknowledge that paragraph 16(g) of IAS 7 mentions cash payments for future and forward contracts not accounted for as a hedge of an identified position⁶ as examples of investing cash flows, provided (i) the instrument is not held for dealing or trading purposes, and (ii) the payments are not classified as

⁶ According to paragraph 16 of IAS 7 when a contract is accounted for as a hedge of an identifiable position the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged.

financing activities. However, in their view, this paragraph applies only to derivatives and not to ‘own use’ contracts (although this is not explicitly stated). Even though the term ‘future or forward contracts’ used in paragraph 16(g) of IAS 7 is not specifically defined, inclusion of ‘own use’ contract in the scope of this paragraph was neither intended nor consistent with current market practice.

iii. Conclusion regarding ‘own use’ contracts

24. As, according to paragraph 6 of IAS 7, operating activities are activities that are not investing or financing activities, cash flows from margin calls should therefore be considered as part of operating activities.
- [25.] b) *Contracts designated as hedging instruments*
26. Paragraph 16 of IAS 7 requires that the cash flows of a contract that is accounted for as a hedge of an identifiable position are classified in the same manner as the cash flows of the position being hedged.⁷ Moreover, paragraph G.2 of IFRS 9 Guidance on Implementing states that cash flows arising from hedging instruments are classified as operating, investing or financing activities, on the basis of the classification of the cash flows arising from the hedged item. The paragraph further clarifies that although the terminology in IAS 7 has not been updated to reflect IFRS 9, the classification of cash flows arising from hedging instruments in the statement of cash flows should be consistent with the classification of these instruments as hedging instruments under IFRS 9.
27. Proponents of View 2 point out that while the ‘cash flows of a contract’ referred to in paragraph 16 of IAS 7 may be viewed narrowly, the wording in IFRS 9 Guidance on Implementing (‘cash flows arising from hedging instrument’) indicates that the requirement in paragraph 16 of IAS 7 should also be applied to cash flows that do not result directly the hedge instrument but are caused by this instrument and closely related to it, such as cash flows from margin calls, which mirror the fair value

⁷ According to some views, this classification requirement should be applied not only to contracts accounted for as hedges of an identifiable position, but generally to all contracts entered into for the purpose of economic risk hedging. Under this view, the reasoning set out in paragraphs 23-26 would also apply to such instruments.

- fluctuations of the hedging instrument. Moreover, the clearing member is the same counterparty for both payments of margin calls and the settlement payment.
28. Also from an economic perspective, there is an inherent interdependency between the margin calls and the financial instrument to which they relate. Without the underlying financial instrument, there would be no margin calls.
29. In addition, arguments against the inclusion of margin call cash flows in the cash flows from financing activities for ‘own use’ contracts presented above also apply here.
- c) Contracts for trading purposes accounted at fair value through profit or loss
30. Paragraph 14(g) of IAS 7 states that cash receipts and payments from contracts held for dealing or trading purposes shall be classified as operating activities. The proponents of View 2 consider it is generally appropriate for these cash flows to be presented consistently with the settlement cash flows from the contract from which they arose, i.e. within cash flows from operating activities. The above arguments against including the margin cash flows in cash flows from financing and investing activities also apply here.
- d) Reclassification of the cash flows on settlement
31. In addition to the arguments presented above, proponents of View 2 point out that the reclassification of cash flows from financing cash flows to operating cash flows does not appear to be in compliance with IAS 7, as the resulting changes in cash flows from financing activities are not due to inflows and outflows of cash and cash equivalents. Such theoretical gross cash inflows and outflows (i.e., a reimbursement of the margin call by the clearing house to the party that has a payable under the contract, followed by a settlement payment by this party back to the clearing house) are not contractually permissible. This would defeat the very purpose of the margin calls, as a repayment of the margin call would re-expose the contracting party that has a receivable under the contract to the full credit risk of the counterparty that has a payable.

2 Request

32. [The submitter] seeks clarification on whether the cash flows resulting from variation margin calls for contracts described in paragraphs 2–7 above should be classified as cash flows from operating activities or whether another classification (for example, as cash flows from financing activities) is compliant with the requirements of IAS 7.