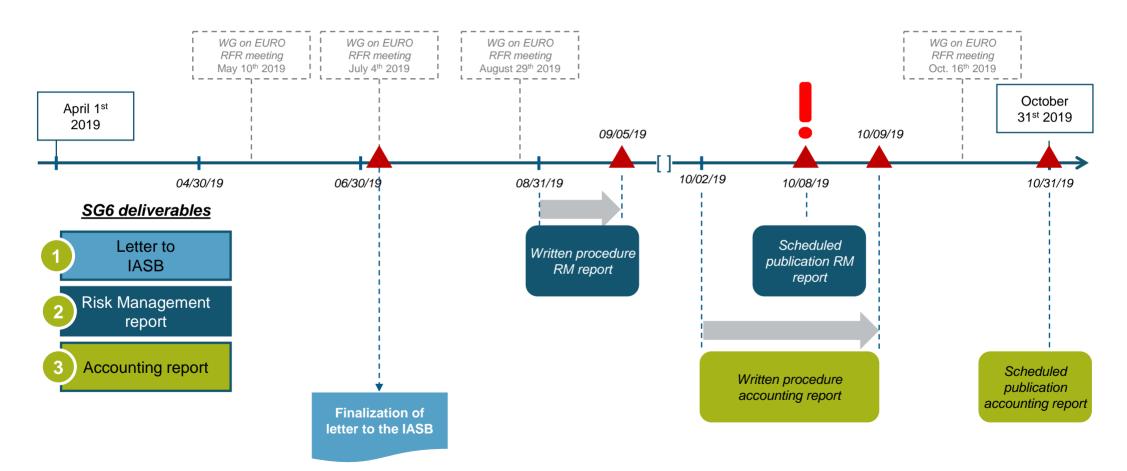




1	Timeline
2	Status update risk management
3	Status update financial accounting

>>> Intended timeline for subgroup 6



Written procedure for financial accounting report just finished

Report covers the three main areas hedge accounting, valuation, and other standards

EUBMR

Affected accounting standards Transition from EONIA to €STR

Fallbacks to EURIBOR

IFRS 9/ IAS 39

- Modification of contracts and possible de-recognition
- Hedge documentation and possible de-designation
- Hedge accounting and possible ineffectiveness

IFRS 13

- Requirements for measuring financial assets and liabilities at fair value through profit or loss
- Assessment necessary whether reclassification in FV hierarchy would be necessary due to limited liquidity

IAS 19, IAS 36, IAS 37, ...

- Accounting standards where discount rates play a role:
 - Employee benefits
 - Impairment of assets
 - Provisions

The BMR can effect financial accounting especially in the fields of hedge accounting and valuation

>>> Next steps from financial accounting standard setters

IASB has already provided relief for phase 1, phase 2 reliefs are in the pipeline

Phase 1 (Prereplacement phase) amendments

- Apply to annual periods beginning on or after 1 January 2020, with earlier application permitted. Applicability for the financial year 2019 is expected.
- Relief for hedge relationships where uncertainty about timing and amount of benchmark-based cash flows of hedged item or hedging instrument. Therefore it provides relief for major challenges during FONIA to €STR transition.
- Relief is provided with respect to:
 - prospective and retrospective effectiveness test, highly probably requirement, Separately identifiable risk components, disclosure requirements

Phase 2 (replacement phase) outlook

- IASB staff has presented preliminary list of potential accounting issues to be considered by the Board for phase 2
- Key topics to be covered: Modification in the context of BMR, hedge designations, other standards

FASB

- FASB has published an Exposure Draft proposing accounting standards update to ease the potential burden in accounting for reference rate reform on financial reporting
- Reliefs are limited to 31 December 2022¹
- Far reaching relief is discussed in the field of modification and hedge accounting