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IASB Project IBOR Phase II Cover Note

Objective

- 1 The objective of this session is to receive preliminary input from EFRAG-CFSS members on issues to be addressed during Phase II of the IBOR project.

Background

- 2 On 3 May 2019, the IASB issued the Exposure Draft *ED/2019/1 Interest Rate Benchmark Reform (proposed amendments to IFRS 9 and IAS 39)* (the 'ED').
- 3 The ED covers the first phase of the Interest Rate Benchmark Reform and modifies hedge accounting requirements so that entities would apply them assuming that the interest rate benchmark on which the hedged cash flows and the cash flows from the hedging instrument are based will not be altered as a result of the reform. The proposals are not intended to provide relief from any other consequences arising from interest rate benchmark reform.
- 4 EFRAG has issued its Final Comment Letter to the ED on 20 June 2019. In Appendix II of the comment letter, EFRAG listed a number of topics that may potentially need to be addressed during phase II of the project.

Questions for EFRAG TEG-CFSS

- 5 Are EFRAG TEG-CFSS members aware of potential accounting implications of the reform that should be considered by the IASB during phase II (in addition to the ones listed in EFRAG's final comment letter to the ED)? Please explain.

Agenda Papers

- 6 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 09-02 – IBOR Reform and its effects on financial reporting, IASB slide pack; and
 - (b) Agenda paper 09-03 – EFRAG's final comment letter to the *IASB ED Interest Rate Benchmark Reform, Proposed Amendments to IFRS 9 and IAS 39* (Phase I).