

**RE: ICAI Exposure Draft**

Arnab Chakravarti /MRMG/IBANK/BKC <arnab.chakravarti@icicibank.com>

Fri 04-06-2021 19:50

To: Comments ASB - ICAI <commentsasb@icai.in>; vp.drs@iba.org.in <vp.drs@iba.org.in>; svp.drs@iba.org.in <svp.drs@iba.org.in>

Cc: Rajendra Khandelwal /FARG/IBANK/BKC <rajendra.khandelwal@icicibank.com>; Abhijeet Chandel /ALM/IBANK/BKC <abhijeet.chandel@icicibank.com>; Aditya Phadke /TCSG/IBANK/BKC <aditya.phadke@icicibank.com>; Kamal Rathi /TCSG/IBANK/BKC <kamal.rathi@icicibank.com>; Leena Pillai /STRATEGY/IBANK/BKC <leena.pillai@icicibank.com>

Dear Sir/ Madam:

Appendix IV of the draft covers the interest rate benchmark reform.

Guidance on qualifying hedging relationships has been provided for cashflow hedges. It may also be clarified that designated fair value hedges can continue to qualify as hedge pursuant to the IBOR transition.

Regards

Arnab Chakravarti  
ICICI Bank Limited  
Tel: +91-8879440423

From: IBA DRS VP <vp.drs@iba.org.in>

Sent: Thursday, June 3, 2021 12:05 PM

To: [public.memberbanks@iba.org.in](mailto:public.memberbanks@iba.org.in); [private.memberbanks@iba.org.in](mailto:private.memberbanks@iba.org.in); [foreign.memberbanks@iba.org.in](mailto:foreign.memberbanks@iba.org.in); [cooperative.memberbanks@iba.org.in](mailto:cooperative.memberbanks@iba.org.in); [rb.memberbanks@iba.org.in](mailto:rb.memberbanks@iba.org.in); [sfpb.memberbanks@iba.org.in](mailto:sfpb.memberbanks@iba.org.in); [fi.members@iba.org.in](mailto:fi.members@iba.org.in); [aifi.members@iba.org.in](mailto:aifi.members@iba.org.in)

Cc: IBA Research & Statistics <svp.drs@iba.org.in>

Subject: ICAI Exposure Draft

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## Indian Banks' Association

DRS/IBA/9978/2021

2<sup>nd</sup> June, 2021

To

**MD&CEOs of All Members of IBA**

Dear Sir/Madam,

**Sub: ICAI – Exposure Draft -Amendments to Guidance Note on accounting for Derivative Contracts (IBOR Phase 2 Replacement Issues)**

As you are aware, IBA is leading the Libor Transition initiative in India and considerable progress has been achieved on this front. One of the impacts of IBOR transition is on accounting. Accounting implications could be in investment portfolios, derivatives, hedge accounting, liabilities and fair value measurement. IBA has approached Institute of Chartered Accountants of India (ICAI) to understand the initiatives taken by ICAI with respect to Accounting Standards which affect banks and financial institutions.

In this connection, ICAI has already made announcement on 31<sup>st</sup> March, 2021, providing Temporary Exceptions to Hedge Accounting for entities following AS, ie, banks and insurance companies (Phase 1- Pre replacement issues). This Announcement is effective from accounting periods beginning on or after April 1, 2020.

We have now received a communication from Accounting Standards Board of the ICAI informing the release of the Exposure Draft of Amendments to the Guidance Note on Accounting for Derivative Contracts w.r.t. IBOR Phase 2 Replacement Issues. This Guidance Note is applicable to banks. The last date for submission of comments on the Exposure Draft is June 21, 2020, either Electronically: click on <http://www.icai.org/comments/asb> to submit online or by Email: at [commentsasb@icai.in](mailto:commentsasb@icai.in)

Exposure Draft is attached for information.

Members are requested kindly submit their comments, if any, directly to ICAI.

Yours faithfully,

**Gopal Murli Bhagat**  
Deputy Chief Executive

Encls: As above

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