

## Fw: Exposure Draft for amendments to Guidance Note on Accounting for Derivative Contracts w.r.t. IBOR Phase 2 Replacement Issues

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To: asb@icai.in <asb@icai.in>

Hi,

Please find below the specific observations as required :

### **End of Application of temporary exceptions to Hedge Accounting for non-contractually specified risk component due to interest rate benchmark reform**

**Response :** We believe, the end of application guidance is both complex and unnecessary. We also believe that the guidance might give rise to inappropriate results.

We therefore believe that the reliefs should be available unless and until the entity can estimate the outcome of interest rate benchmark reform with a high degree of certainty (for example, when a particular outcome is reasonably certain or highly probable), in which case the relief should not be applied. We believe that adoption of such a threshold eliminates the need for separate application guidance.

### **Paragraph 19 related to Disclosures**

**Response :** We agree with the proposed disclosures included in paragraph 19. However, we believe that the proposed amendment should also provide an exemption from the requirement in paragraph 28(f) of Ind AS 8. We understand that the intention is to provide more useful information to users of financial statements, while also avoiding the need for preparers to attempt to predict the impact of interest rate benchmark reform when there is a high Uncertainty around the outcome. Without relief from paragraph 28(f) of Ind AS 8 it would appear that entities would still be required to make those predictions only for disclosure purposes.

Thanks & Best Regards,

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