

CPA Canada handbook – accounting, part II

highlight summary no. II.29

February 2022

(Note: Any changes to previously issued standards are identified in the effective date guidance in each affected standard.)

Section 3856, Financial Instruments

This Section has been amended to provide relief to debt modification accounting and hedge accounting during the reform of benchmark interest rates (IBOR reform). Specifically, the amendments:

- (a) provide an optional expedient to account for debt modifications that are related to IBOR reform as a continuation of the existing contract and not as an extinguishment; and
- (b) require qualifying hedging relationships to continue upon a change in certain critical terms related to IBOR reform.

These amendments are effective for fiscal years ending on or after February 1, 2022. Earlier application is permitted, including in financial statements not yet authorized for issue.

Archived Pronouncements

To give Handbook readers continued access to superseded Sections and paragraphs in other Sections, the Archived Pronouncements set out the wording of those Sections and paragraphs. The archived material will be withdrawn from the Handbook when it is no longer effective.

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