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IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)

IFRS 9 *Financial Instruments*, IFRS 7 *Financial Instruments: Disclosures* and IAS 39 *Financial Instruments: Recognition and Measurement* have been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in November 2013. The amendments:

- add to IFRS 9, as Chapter 6 to that standard, requirements related to hedge accounting based on a new IFRS hedge accounting model that:
  - retains fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation as the three types of hedging relationships to which hedge accounting can be applied;
  - makes hedge accounting available for a broader range of hedging strategies by permitting more items and groups of items to qualify for designation as a hedging instrument or a hedged item;
  - permits an entity to designate, as at fair value through profit or loss, credit exposures whose credit risk is managed with credit derivatives;
  - assesses the effectiveness of a hedging relationship based on a qualitative or quantitative, prospective assessment of effectiveness; and
  - eliminates the ability of an entity to voluntarily terminate a hedging relationship that continues to meet its risk management objective and all other qualifying criteria;
- permit an entity to apply the hedge accounting requirements in IAS 39 in place of those in IFRS 9 for fair value hedges of the interest rate exposure of a portfolio of financial assets or financial liabilities;
- require, as part of IFRS 7, additional disclosures about an entity's risk management strategy and the effect of hedge accounting on the financial statements; and
- remove the mandatory effective date of IFRS 9 temporarily while making it available for current application.

IFRS 9, as amended, supersedes IFRS 9 as issued by the IASB in October 2010 and IFRS 9 as issued by the IASB in November 2009. However, an entity may elect to apply either of those earlier versions.

IFRS 9, as amended, is available for current application. Application is permitted if all of the requirements in the standard, as well as related amendments to other IFRSs, are applied at the same time, with limited exceptions. The exceptions relate to the ability of an entity:

- to choose between applying the hedge accounting requirements in IFRS 9, as amended, and those in IAS 39 (including an amendment to the scope of that standard to apply to contracts to buy or sell a non-financial item meeting the conditions in paragraph 5A) for all hedge accounting until the IASB has completed its separate project on the accounting for open portfolios and macro hedging; and
- to elect to apply the requirements in IFRS 9 for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss that are attributable to changes in the credit risk of those liabilities, without applying the standard's other requirements.

Paragraphs that have been added or amended are identified in the effective date guidance in all affected standards, with the exception of IFRS 9.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

IAS 19 *Employee Benefits* (amended in 2011) has been revised to incorporate amendments issued by the IASB in November 2013. The amendments simplify the accounting for contributions from employees or third parties to defined benefit plans that are independent of the number of years of service.

The amendments are effective for annual periods beginning on or after July 1, 2014. Earlier application is permitted.

Paragraphs that have been added or amended are identified in the effective date guidance in the standard.