Federation of European Accountants
Fédération des Experts comptables Européens

Ms. Françoise Flores
TEG Chair
EFRAG
Square de Meeûs 35
B-1000 BRUXELLES

E-mail: Commentletters@efrag.org

11 February 2013

Ref.: BAN/AKI/LFU/SRO

Dear Ms. Flores,

Re: Impact of the Review Draft general hedge accounting on macro hedge accounting

FEE (the Federation of European Accountants) has noted EFRAG's current consultation on the transition from IAS 39 to IFRS 9 for macro-hedging practices.

In the context of the IASB Review Draft of the forthcoming IFRS on general hedge accounting, please find enclosed a copy of the FEE Comment Letter submitted to the IASB including a few observations which we hope EFRAG will find helpful for the purposes of your consultation on this topic.

For further information on this letter, please contact Leyre Fuertes, Project Manager, at the FEE Secretariat on +32 2 285 40 76 or via e-mail at leyre.fuertes@fee.be.

Yours sincerely,

Olivier Boutellis-Taft
Chief Executive

Enclosure: FEE Comments on the IASB Review Draft of forthcoming IFRS on general hedge accounting

Federation of European Accountants
Fédération des Experts comptables Européens

International Accounting Standards Board
30 Cannon Street
GB – LONDON EC4M 6XH

Cc: Mr Martin Edelmann, Mr Stephen Cooper and
Mr Takatsugu Ochi

E-mail: commentletters@ifrs.org

30 November 2012

Ref.: BAN/PRJ/SKU/IDS

Dear Sir or Madam,

Re: FEE Comments on the IASB Review Draft of forthcoming IFRS on general hedge accounting

FEE (the Federation of European Accountants) would like to provide you with few observations related to the IASB Review Draft of forthcoming IFRS on general hedge accounting ("review draft").

Generally, we do appreciate the overall general hedge proposal and perceive the review draft as superior to the status quo. Particularly, we welcome the principle requirement for hedge accounting to follow risk management practices applied by the reporting entity.

However, we feel that more could have been done in order to design a principle based hedge accounting standard that would avoid undue complexity and many detailed rules. This is demonstrated by the rules for rebalancing of hedge relationships, complex treatment of the time value of options and missing solution for net positions and the sub-LIBOR issue in particular. As a further example of the detailed rules we would like to raise the issue caused by text in B6.5.5, which prevents the use of the hypothetical derivative approach for cross currency interest rate swaps used as a combined hedge of long and short positions in different currencies, which is a common risk management market practise.

In addition to the above we identified one critical issue in the review draft that needs in our view an immediate attention. In order to ensure that all hedge accounting for open portfolios that is currently enabled by IAS 39 *Financial Instruments: Recognition and Measurement* can be continued until the new macro hedging part of the financial instrument project is completed, attention needs to be paid particularly to the Implementation Examples F6.2 and F6.3 of IAS 39. It is vital that the wording and interpretation of the standard ensures that such eligible open portfolio hedges continue to be eligible until the final macro hedging approach is completed.

For further information on this letter, please contact Sylwia Kujawa, Project Manager, at the FEE Secretariat on +32 2 285 40 86 or via email at sylwia.kujawa@fee.be.

Yours sincerely,

Philip Johnson
President