

Stellungnahmen Stellungnahme DK zu DP/2014/1 Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging

17. Oktober 2014

On a more general note, we welcome the International Accounting Standards Board's (IASB) plans for the development of a new accounting approach for dynamic portfolios. In our view, the IASB's proposed Portfolio Revaluation Approach (PRA) touches upon key aspects which we would like to address in greater detail in the comments below.

Due to the existing restrictions under IFRS 9 General Hedge Accounting or, moreover, IAS 39, the current accounting framework fails to provide an accounting solution for dynamic risk management. In light of this, we support the preparation of a new accounting approach that accommodates key risk management aspects. The GBIC explicitly welcomes the fact that, in its Discussion Paper, the IASB inter alia focuses on the treatment of the following eligible hedged items:

- Core demand deposits
- Prepayable mortgages
- Sub-benchmark exposures
- Equity Model book

As far as the GBIC is concerned, it is of decisive importance that a future accounting approach addresses the accounting mismatch between the amortised cost measurement of hedged items and the Fair Value of the hedging instruments / derivatives. For this reason, we would like to advocate in favour of a macro hedge accounting approach with a focus on risk mitigation and we would like to object to a compulsory coverage of the entire risk management (focus on dynamic risk management). [...]