

IFRS 9 - Accounting For Derivatives in Practice

Understanding the Practical Application of Hedge Accounting to Real-life Hedging Strategies

September 17-18, 2018 • Toronto

Course Overview

This course will give participants a deep understanding of derivatives accounting and the application of hedge accounting for hedges of interest rate, inflation, FX and commodity risks. Learning is based on an intense use of real cases, applying IFRS 9 step-by-step. IFRS 9 requirements are contrasted with IAS 39 where relevant. Complex topics such as the treatment of options are covered in detail. The treatment of the fair value option is compared to the application of hedge accounting.

Case studies incorporate real-life client discussions, and cover the decision-making, documentation requirements, hedge effectiveness assessment and the accounting entries of a hedging strategy during its life.

Course Leader



Juan Ramirez is a senior professional at Deloitte in London, advising clients on IFRS 9 and Basel III/IV issues. Juan is involved in all elements of IFRS 9 and bank regulatory capital. On hedge accounting, Juan is one of the best known professionals having trained many risk management practitioners over the last decade.

With an MBA from University of Chicago, Mr. Ramirez moved to London to work at the commodities trading desk at JPMorgan. Later he joined the derivatives sales teams at Lehman Brothers, Barclays Capital, Banco Santander and BNP Paribas. He has devoted more than 20 years to derivatives in front office positions, gaining a first-hand experience on market risk and hedging solutions.

Mr. Ramirez is the author of “Handbook of Basel III Capital”, “Accounting for Derivatives”, and “Handbook of Corporate Derivatives and Equity Capital Markets.”

Course Agenda

Conceptual Framework and Accounting for Foreign Exchange Risk Hedges

Conceptual Framework

- Introduction to IFRS 9
- Interaction with other IFRS standards
- Hedge accounting. Types of hedges: fair value hedge, cash flow hedge and net investment hedge

Introduction to FX Transactions

- Types of FX exposures
- Chronology of a FX transaction
- Functional vs. presentation currency

Case Study: Hedging a Highly Expected Foreign Sale and Subsequent Receivable

- Identification of the FX exposure
- Challenges when justifying “highly expected” cash flows
- Applying hedge accounting - hedging with an FX forward
- Applying hedge accounting - hedging with a tunnel
- Applying hedge accounting - hedging with a participating forward

Case Study: Net Investment Hedge

- Translation of foreign operations
- Identification of the FX exposure
- Applying hedge accounting - hedging with cross-currency swaps

Mini Case Studies: Special Situations of FX Hedges

- Issues arising from hedging intragroup FX risks

Accounting for Commodity Risk Hedges

Case Study: Commodity Hedging Challenges Faced by an Oil Company

- What is different when hedging commodities risk
- Derivatives vs. own use. Embedded derivatives
- Short case studies to explain hedging challenges

Case Study: Hedging Gold Production

- Own use application
- Hedging gold production with a gold forward

Case Study: Hedging Commodity Inventory with Futures

- Recognition of inventories
- Applying hedge accounting: documentation, assessment, fair valuation and accounting entries

Case Study: Hedging Jet Fuel by an Airline

- Hedging risk components
- Applying hedge accounting – Airline hedging with a jet fuel call option
- Applying risk components – Airline hedging with a crude oil call option

Accounting for Interest Rate Risk Hedges

Case Study: Hedging a Floating Rate Liability with a Swap – Cash Flow Hedge

- Recognition of financial liabilities. The fair value option
- Accounting for floating rate bonds – the effective interest rate
- Practical challenges of applying the regression analysis method
- Applying cash flow hedge for a fixed to floating interest rate swap: documentation, effectiveness assessment, fair valuations and accounting entries

Case Study: Hedging a Floating Rate Liability with a Cap – Cash Flow Hedge

- The treatment of options under IFRS 9
- Applying cash flow hedge for the purchase of a cap: documentation, effectiveness assessment, fair valuations and accounting entries

Case Study: Hedging a Fixed Rate Liability – Fair Value Hedge

- Accounting for fixed rate bonds – the effective interest rate method
- Applying fair value hedge for a floating to fixed interest rate swap
- Applying fair value hedge for a fixed to floating interest rate swap: documentation, effectiveness assessment, fair valuations and accounting entries

Case Study: Hedging a Future Issuance of a Fixed Rate Liability – Cash Flow Hedge

- Applying fair value hedge for a floating to fixed interest rate swap: documentation, effectiveness assessment, fair valuations and accounting entries

Case Study: Hedging Inflation Risk

- IFRS 9 guidelines on inflation risk hedging
- Case study: Challenges of applying hedge accounting to hedge inflation related revenues

The Fair Value Option and Credit Risk Hedging

- Fair value option vs. hedge accounting
- Hedging credit risk

Case Study: Macro Hedging – Fair Value Hedge (IAS 39)

- Steps in the application of macro hedging
- Challenges from its application

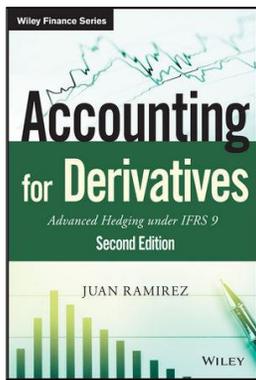
Other Topics

- Other special interest rate risk situations – short case studies
- Hedging credit risk
- Convertible bonds
- Embedded derivatives

Note: The accounting considerations set out in this seminar are based on the instructor's interpretation of IFRS. Institutions that the instructor is affiliated with can therefore by no means be associated with his interpretation.

This two day course runs from 9:00 a.m. – 4:30 p.m. each day including lunch as well as morning and afternoon breaks.

Supplementary Text Included in Course Fees



All participants receive a copy of “**Accounting for Derivatives – Advanced Hedging Under IFRS 9**” Second Edition by Juan Ramirez.

Acumen Information Services
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IFRS 9 - Accounting for Derivatives in Practice
IFRS 9 for Financial Institutions

September 17 - 19, 2017 • Toronto



Registration Fees

Registration Options	Before July 16, 2018	Before July 23, 2018	After July 23, 2018
Derivative Accounting	\$1,849.00 + HST	\$1,899.00 + HST	\$2,399.00 + HST
Both Course & Seminar	\$2,799.00 + HST	\$2,899.00 + HST	\$3,499.00 + HST
IFRS 9 for Banks	\$ 949.00 + HST	\$ 999.00 + HST	\$1,199.00 + HST

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Location and Timing

The conference will be held at a convenient location in downtown Toronto. Venue information and special conference pricing details will be provided upon confirmation of the venue.

Delegates can register at the Acumen service desk beginning at 8:00 a.m. on the morning of the first day of the conference.

Registration fees do not include hotel accommodation.

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Substitutions may be made at any time. If you are unable to attend, please make cancellations in writing and fax to (416) 504-6978 **prior to 5 p.m. on September 4, 2018.**

A credit voucher will be issued to you for the full amount, redeemable against any other Acumen conference. You may request a refund of fees paid less an administration fee of \$250.00.

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