

Derivatives & Hedge Accounting: LIBOR, EURIBOR and EONIA

Tuesday, March 5, 2019
London

It is clear that most companies (not just banks) will be affected by LIBOR, EURIBOR and EONIA transition. Hedge accounting is a vital risk management tool connecting cash and derivatives markets and the lack of understanding of the transition to risk-free-rates ("RFR") may have important consequences for banks, corporates and end-users.

The European Regulation on benchmarks' deadline is 1/01/2021 and therefore there is very little time to prepare. Market exposure is considerable and will affect a broad range of product types across multiple market segments.

This conference will give market participants a comprehensive understanding of the issues that will have an impact on their business due to the transition to RFRs and the accounting implications of replacing LIBOR, EURIBOR and EONIA with new benchmarks in Europe.

Educational Credits

3.5 CPD Credit Hours Available (England and Wales)
Transitional and Nontransitional

8:15 AM

Registration and Continental Breakfast

8:55 PM

Introduction and Welcoming Remarks

Antonio Corbi, Director, Risk and Capital, ISDA

9:00 AM

Keynote Address

Tilman Lüder, Head of Securities Markets, European Commission

9:15 AM

Transition away from GBP LIBOR to SONIA the RFR for the GBP

- Background: Financial Stability Board recommendations
- An introduction to SONIA
- Wide support for the SONIA as RFR for GBP
- The expectations for the transition away from LIBOR
- Term structure and other transition considerations

Will Parry, Senior Manager, Sterling Markets Division, Bank of England

9:50 AM

Transition away from EONIA to ESTER the RFR for the Euro

- Background, European Benchmarks Regulation
- Benchmark rate definition approach & methodology to calculate the spread
- Wide support for the ESTER as RFR for Euro
- The new rate and the expectations for the transition away from Euribor
- Term structure and other transition considerations

Carlos Molinas, Global Head of Business Compliance, Crédit Agricole CIB

10:30 AM

Addressing the major accounting concerns around transitions

- Legacy trades: do not let the event catch you up by surprise
- Does the transition to the alternate RFR constitute a modification or extinguishment of the financial instrument?
- Does the transition result in a new hedging instrument and discontinuation of current hedge relationships?
- How should we assess the 'probability of cash flows' and impact on hedge accounting
- How to manage de/re-designations
- Reassessing and re-documenting existing hedge relationships

Robbert Labuschagne, Head of Accounting Policy, EMEA, Barclays

Fiona Thomson, Managing Director, International Head of Accounting Policy, Goldman Sachs International

11:05 AM

Preparing for potential ineffectiveness and/or hedge accounting failure

- Situations in which hedge relationships may need to be discontinued
- How to calculate ineffectiveness for cash flow and fair value hedges in the context of RFRs
- Practical considerations for modelling risk free rates for GBP and EUR transactions
- Illiquidity of risk free rates and potential impacts on modelling – could hedge accounting failure result?
- Potential impact on balance sheet and the P&L from ineffectiveness and hedge accounting failure?

Kern Roberts, Director - Hedge Accounting, Chatham Financial

11:40 AM

Coffee Break

11:55 AM

Standard setting response and post 2021

- Understanding the broader impacts beyond hedge accounting
- The SPPI criterion and classification and the compounding IR calculations
- Assessing derecognition for renegotiation of cash instruments
- If no derecognition, what is the measurement impact?
- Impact on business model assessment and SPPI
- Wider use of risk free rates in accounting measurement
- Areas standard setters may focus on

12:30 PM

How to be ahead of your competitors

- Multiple functions within a company are impacted by LIBOR transition
- Establishing comprehensive organization-wide program management and governance is essential to ensure the transition is successfully executed
- How to coordinate across different areas
- Providing appropriate project oversight and governance
- Liaising effectively with technical experts, regulators and other stakeholders

Yolaine Kermarrec, Partner, CFO Advisory Services – Capital Markets, Ernst & Young LLP

1:20 PM

Conference Concludes

Venue Location:

Allen & Overy LLP, One Bishops Square, London, E1 6AD. Phone +44 (0) 203 808 9700. A map to the venue can be found [here](#). You will be required to provide photo identification in order to enter the venue. Please ensure you present this at the ground floor reception or you may be refused entry.

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