



Hedge accounting goes mainstream

Accounting change matters

Hedge accounting

New standards deliver expanded opportunities along with better reporting

New standards are making hedge accounting more accessible to a range of businesses, as well as providing more timely and accurate reporting for investors. Depending on whether your company applies FASB's ASU 2017-12, IFRS 9 or both, you face a different set of challenges.

U.S. GAAP aims to offer targeted improvements to address specific practice issues, and public companies are already moving to comply. IFRS 9

is broader in scope and has greater potential impacts, so companies are taking even more time for careful evaluation.

To navigate the standards and find new opportunities, you need a trusted advisor: one with deep experience in hedge accounting and a global network of experts.

Your trusted advisor for accounting and risk management

Whether you're familiar with hedge accounting or are considering it for the first time, KPMG's deep experience and global network of experts can help you go beyond compliance to explore new opportunities and drive real business value. Our Accounting Advisory Services and Risk Analytics specialists work together to tailor our support to meet the individual needs of each client, across every region.

Mapping our experience to wherever you are in the process

Phase 1: **Assess**

Gain a clear understanding of new U.S. and international standards, how they differ, and the implementation schedules for each one

Watch-outs

Accounting and risk management processes must be robust enough to support new hedge accounting opportunities

Consider “cost of hedging” elements that may be excluded from certain hedging instruments

KPMG can help:

- + Identify upcoming changes and their impact on existing hedges
- + Assess new hedging opportunities and strategies
- + Determine whether any risk components may be designated as hedged items

Phase 2: **Design**

Design a response that defines and documents your hedge accounting policy and aligns it with risk management objectives

Watch-outs

Identify additional information and processes needed to meet expanded disclosure requirements

New standards may require upgraded systems for tracking hedges, measuring risk, and calculating fair value

KPMG can help:

- + Define revised accounting and risk management policies
- + Define new disclosure requirements
- + Create blueprints for IT system changes
- + Develop training modules

Phase 3: **Implement**

Complete and test design prototype, and put new processes and systems into operation

Watch-outs

Align implementation plan to transition schedules by region and business type

Update management reporting and KPIs to reflect new hedge accounting strategy

Consider potential tax implications

KPMG can help:

- + Prototype, test, and launch changes across functions, departments and systems
- + Reconcile and manage implementation to meet all regional requirements

KPMG continues to help sustain your efforts through ongoing training, regular effectiveness assessments and adjustments to policies, processes and systems

Collaborating with KPMG

Five key principles

KPMG can help you manage pending changes to hedge accounting by providing advice tailored to your specific business and strategic objectives. Our approach is built on five key principles:



Continuous improvement

KPMG's methodology has been refined through practical application in a wide range of organizations and circumstances. And individual tools and templates are enriched with each subsequent project.



Flexible methodologies

Methodologies are ineffective if they are not adapted to the specific needs of the client. We show insurers how to use our toolkit to suit their circumstances, while focusing on the ultimate ambitions of their insurance change program.



Consistent application

A critical success factor for managing projects in global organizations is a consistent application of methodology—regardless of location. Our approach ensures all team members have the same understanding of our latest tools, templates and approach.



Joint team culture

Our team structure assigns key roles to members of the client's organization, partnered with KPMG technical and process-based specialists. The joint team also facilitates the transfer of knowledge over the entire life of the project.



Global coverage and connectivity

Adopting or upgrading hedge accounting requires a collaborative approach backed by experienced global resources. Our worldwide network of member firms includes specialist partners in every region and market.

Contact us

To receive a proposal on how KPMG can address your specific requirements around applying new hedge accounting standards, [submit an RFP](#).

To talk one-on-one about how we can help your company quickly assess where you are, where you need to be, and how to close the gap, please speak with your usual KPMG contact or one of the hedge accounting specialists below.

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