	Application
1. Simplification of accounting analysis under current GAAP for **contract modifications**	Change applies to: • Modifications of loans and debt are accounted for by prospectively adjusting the effective interest rate. Do not require re-assessment: • Modification of loan & lease classification or re-measurement of lease payments that would otherwise be required by GAAP. • Contracts where an embedded derivative should be accounted for as a separate instrument. • Modifications of contracts, where explicit relief is not stated are not considered an event requiring contract re-measurement of a previous accounting determination.
2. Allow **hedging relationships** to continue with designation upon following changes in critical terms of existing hedging relationship due to reference rate reform.	Change applies to: • Critical terms of designated hedging instruments at fair value hedge, cashflow hedge, or net investment hedge. • Re-balancing or adjustment of hedging relationships. • The change in method used for cash flow hedges to assess the hedge effectiveness when initially applying optional expedient methods when reverting to GAAP requirements.
3. Allow change in systematic and rational method used to recognize in earnings the components excluded from the assessment **hedge effectiveness**.	Change applies to: • Fair value hedging relationships, cash flow hedging relationship, and net investment relationships excluded from the assessment of hedge effectiveness.
4. Provide optional expedients for **fair value hedging relationships** for fair value hedging instrument affected by reference reform.	For fair value hedging relationships, an entity may: • Change the designated benchmark interest rate documented at hedge inception to a different eligible benchmark interest rate. • Disregard certain qualifying conditions for the shortcut method not met due to reference rate reform for the remainder of the hedging relationship.
5. Provide optional expedients for **cash flow hedging relationships** affected by reference reform.	For cash flow hedging relationships, an entity may: • When assessing whether a hedged forecasted transaction will probably continue, disregard the potential change in the designated hedged interest rate risk that may occur due to Libor reform. • Continue to apply shortcut methods or methods assuming "perfect hedge" effectiveness, where applicable. • Adjust methods used to initially and subsequently assess hedge effectiveness to disregard certain mismatches between the designated hedging instrument and hedged item. • Use a qualitative method to assess hedge effectiveness, if the entity has already performed an initial hedge effectiveness review for a cashflow hedge. • Disregard the requirement for portfolios of forecasted transactions stating the group of individual transactions must share the same risk exposure for which they are designated as being hedged.
6. Allow a one-time election to sell or transfer, or both sell, and transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform and classified as held to maturity before January 1, 2020.	Change applies to: • Debt securities classified as held to maturity (HTM) before January 1, 2020.