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## **Dynamic Risk Management<sup>1</sup>**

### **Cover Note**

#### **Objective**

- 1 The objective of this session is for members to provide:
  - (a) input on whether equity should be eligible for designation in the Dynamic Risk Management ('DRM') model; and
  - (b) any views on the IASB's recent discussions and tentative decisions.

#### **EFRAG work plan**

- 2 In its May 2022 meeting, the IASB decided to add the DRM project to its standard-setting programme. This will allow the output from the project to be published as an exposure draft ('ED') rather than another discussion paper.
- 3 Based on the IASB Staff communications during the outreach on the core model, the EFRAG Secretariat expects such an ED only to be issued at the end of phase 2 of the project, i.e., there will not be an ED on the core model itself. The ED would also have to deal with other issues such as disclosures and transition.
- 4 This means that the ED is not expected for this year at least and so the EFRAG DRM team will continue to follow the IASB discussions and tentative decisions while debating these with EFRAG FIWG, FR TEG and FRB as necessary.
- 5 EFRAG's constituents have also called for a field test at the end of the conclusion of phase 2, but before the issuance of an ED.

#### **Agenda Papers**

- 6 In addition to this cover note, agenda papers for this session are:
  - (a) Agenda paper 08-02 – Issues paper on hedging equity; and
  - (b) Agenda paper 08-03 – ASAF Agenda paper – for background.

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<sup>1</sup> The DRM team consist of Laura Abeni, Fredré Ferreira (team coordinator) and Sapna Heeralall. Didier Andries is focussing on ESRS for the main part of 2022.

**Questions for EFRAG FR TEG-CFSS**

- 7 Questions for members on hedging equity are included in Agenda paper 08-02 paragraphs 22 to 24.
- 8 In addition, do members have any general views or comments on the IASB's recent discussions and tentative decisions to respond to the main challenges identified during 2020 outreach, as summarised in page 5 of Agenda paper 08-03?