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**IASB<sup>®</sup> meeting**

Date	<b>December 2025</b>
Project	<b>Amendments to the Fair Value Option (IAS 28)</b>
Topic	<b>Due process and permission to begin the balloting process</b>
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *Update*.

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## Introduction and purpose

1. Agenda Paper 12A for this meeting includes our recommendations that the International Accounting Standard Board (IASB):
  - (a) amends paragraphs 18–19 of IAS 28 to clarify that similar entities include those that invest in assets as a main business activity (potential amendments);
  - (b) does not explore an option to revoke the fair value option as part of this narrow-scope project; and
  - (c) consults on this proposal through an exposure draft.
2. The purpose of this paper is to:
  - (a) provide our analysis regarding transition and effective date for any amendments;
  - (b) explain the steps in the [IFRS Foundation Due Process Handbook](#) (*Due Process Handbook*) that the IASB has taken in developing the potential amendments;
  - (c) seek the IASB's permission to begin the process for balloting an exposure draft; and

- (d) ask whether any IASB member intends to dissent from the proposals in the exposure draft.

## Structure of this paper

- 3. This paper is structured as follows:
  - (a) transition and effective date (paragraphs 5–6);
  - (b) due process steps for publication of an exposure draft (paragraphs 7–15); and
  - (c) questions for the IASB.
- 4. Appendix A to this paper summarises the required due process steps taken in developing the potential amendments.

## Transition and effective date

- 5. An entity may elect to measure investments in associates using the fair value option in IAS 28 on initial application of IFRS 18 *Presentation and Disclosure in Financial Statements*. Therefore, any clarification or amendments to the fair value option would also need to be effective on or before the effective date of IFRS 18 which is 1 January 2027. An entity making this election is required to apply the change retrospectively applying IAS 8.<sup>1</sup>
- 6. We think aligning the effective date of the potential amendments with the effective date of IFRS 18 would allow stakeholders to more easily consider any effects on their reporting at the same time. Therefore, we recommend that the IASB require an entity to apply any amendments to paragraphs 18–19 of IAS 28 at the same time and on the same basis that it applies IFRS 18. This means that the amendments should apply:
  - (a) for annual reporting periods beginning on or after 1 January 2027, with early application permitted; and

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<sup>1</sup> See paragraph C7 of IFRS 18 *Presentation and Disclosure in Financial Statements*.

- (b) retrospectively applying IAS 8.

## Due process steps for publication of an exposure draft

### *Due process requirements*

7. Paragraphs 6.4 and 6.5 of the *Due Process Handbook* explain that:
  - (a) the development of an exposure draft takes place in public meetings;
  - (b) the technical staff prepares agenda papers containing research and recommendations on matters to be addressed and considered by the IASB; and
  - (c) the IASB also considers the comments received on any discussion paper, research paper or request for information, suggestions made by consultative groups and accounting standard-setters, and suggestions arising from consultation with other stakeholders.
8. Paragraph 6.6 of the *Due Process Handbook* states:

When the [IASB] has reached general agreement on the technical matters in the project and has considered the likely effects of the proposals (see paragraphs 3.76–3.81 [of the *Due Process Handbook*]), the technical staff presents a paper to the [IASB]:

  - (a) summarising the steps that the [IASB] has taken in developing the proposals, including a summary of when the [IASB] discussed the project in public meetings, public hearings held, outreach activities and meetings of consultative groups;
  - (b) ...; and
  - (c) recommending a comment period for the exposure draft.

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***Due process steps taken***

9. Appendix A sets out the required due process steps in developing and publishing an exposure draft together with the current status of, and any planned action for, these steps.

***Comment period***

10. Paragraph 6.7 of the *Due Process Handbook* states that:

The [IASB] normally allows a minimum period of 120 days for comment on an exposure draft. If the matter is narrow in scope and urgent the [IASB] may set a comment period of less than 120 days but no less than 30 days after consulting and obtaining approval from the DPOC.

11. As explained in paragraph 5, any amendments should be effective on or before the effective date of IFRS 18, 1 January 2027. We also note that some jurisdictions will need at least six months to complete their endorsement of these amendments, therefore any standard-setting would need to be completed urgently.
12. Agenda paper 12A to this meeting explains that the effects of the potential amendments would be limited to specified entities instead of applying more broadly. Therefore, if the IASB agrees with our recommendation to undertake standard-setting, given that the amendments would be narrow in scope and urgent, we plan to request approval from the Due Process Oversight Committee (DPOC) for a comment period of 60 days.

***Permission for balloting and intent to dissent***

13. This paper demonstrates that the IASB has completed all the applicable due process steps to date for balloting the exposure draft. Consequently, we request permission to begin the balloting process.

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14. In accordance with paragraph 6.9 of the *Due Process Handbook*, we also ask if any IASB member intends to dissent from the proposals in the exposure draft.

***Proposed timetable for balloting and publication***

15. If the IASB agrees with our recommendations, we think it would be possible to publish an Exposure Draft in February 2026 and, subject to the comments received, issued final amendments to IAS 28 by mid-2026.

## Questions for the IASB

### Questions for the IASB

1. **Comment period**—does the IASB agree with our recommendation to ask the DPOC to approve a 60-day comment period for the exposure draft?
2. **Permission to begin the process for balloting the exposure draft**—is the IASB satisfied that it has complied with the applicable due process steps and that it should begin the process for balloting the exposure draft?
3. **Dissent**—does any IASB member intend to dissent from the proposals in the exposure draft?

## Appendix A—Due process steps taken

A1. The following table summarises the required due process steps taken in developing the potential amendments. The table does not list all the optional steps.

Step	Actions
<b>IASB meetings held in public, with papers available for observers. All decisions are made in public sessions.</b>	<p>The IASB discussed this project at its meeting in <a href="#">October 2025</a> and this meeting. Papers and recordings of these public meetings are available on the IFRS Foundation's <a href="#">project webpage</a>.</p>
<b>Analysis of the likely effects of the proposed amendment, for example, initial costs or ongoing associated costs.</b>	<p>As discussed in <a href="#">Agenda Paper 12A</a> to the IASB's October 2025 meeting, the diversity in practice is expected to have material effects on affected entities financial statements when those entities apply IFRS 18. The proposed amendments would clarify the scope of paragraphs 18–19 of IAS 28, reducing this diversity.</p> <p>The fair value option would remain optional; therefore, implementation costs would only be incurred by affected entities that are not already applying the fair value option but chose to apply the fair value option because of the proposed amendments. The effects of the potential amendments would also be limited to specified entities instead of applying more broadly.</p> <p>One of the main reasons to consider standard-setting is to enable affected entities to classify their income and expenses in the statement of profit or loss in a way that provides useful information to users of those financial statements. Therefore, an entity would only be incurring the implementation costs if doing so would be beneficial to the entity's investors.</p> <p>Therefore, in our view, the expected financial reporting benefits that would be gained through standard-setting would</p>

	outweigh the incremental costs to implement the amended requirements.
<b>Comments received on the request for information and as part of other projects.</b>	<p>At its October 2025 meeting, the IASB discussed comments on its information request to refresh its understanding of the diversity in applying paragraphs 18–19 of IAS 28.</p> <p>A summary of responses to the information request is included in paragraphs 19–36 of <a href="#">Agenda Paper 12A</a> to the IASB’s October 2025 meeting.</p> <p>The IASB also discussed feedback about this matter as part of its projects on:</p> <ul style="list-style-type: none"> <li>(a) the equity method—a summary of this feedback is included in paragraphs 23–45 of <a href="#">Agenda Paper 13A</a> to the IASB’s September meeting; and</li> <li>(b) primary financial statements—a summary of this feedback is included in <a href="#">Agenda Paper 21A</a> to the IASB’s May 2023 meeting.</li> </ul>
<b>Due process steps reviewed by the IASB.</b>	This step is being met by this agenda paper.
<b>The forthcoming exposure draft has an appropriate comment period.</b>	This step is being met by this agenda paper—see paragraphs 10–12.
<b>Drafting</b>	
<b>Drafting quality assurance steps are adequate.</b>	The IASB as well as the IFRS Foundation’s translations, taxonomy and editorial teams will review drafts during the balloting process.
<b>Publication</b>	
<b>Exposure draft published.</b>	The exposure draft will be available on our website when published.

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**Press release to announce  
publication of the exposure draft.**

A press release will be published on our website with the exposure draft.