
Accounting Standards Advisory Forum meeting

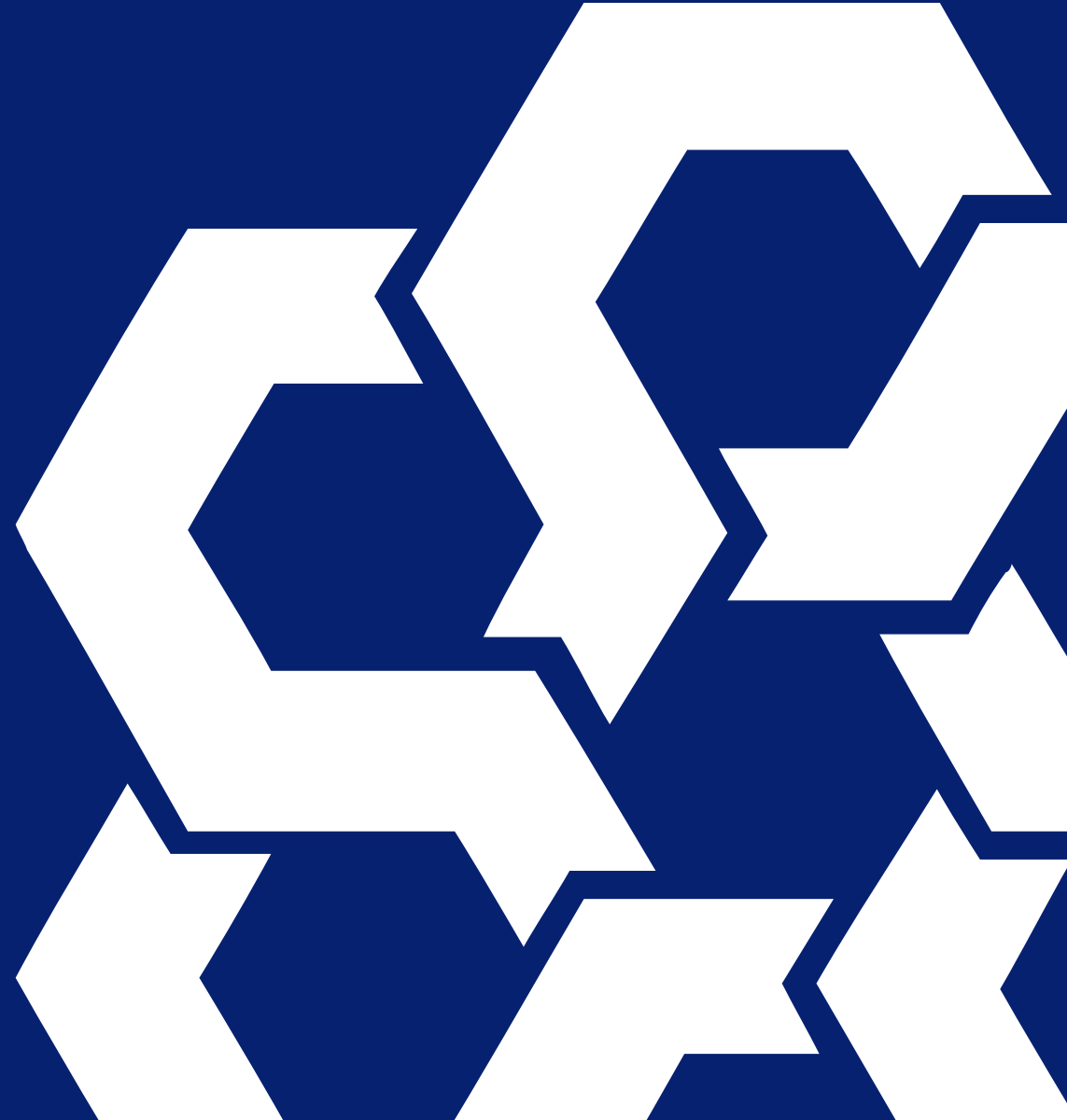
Date	July 2026
Project	Risk Mitigation Accounting
Topic	Preliminary feedback on the proposals in the Exposure Draft
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Contents

- | | |
|------------------------------|--------|
| 1. Purpose of the session | 3 – 4 |
| 2. Questions to ASAF members | 5 – 6 |
| 3. Appendix—project update | 7 – 16 |

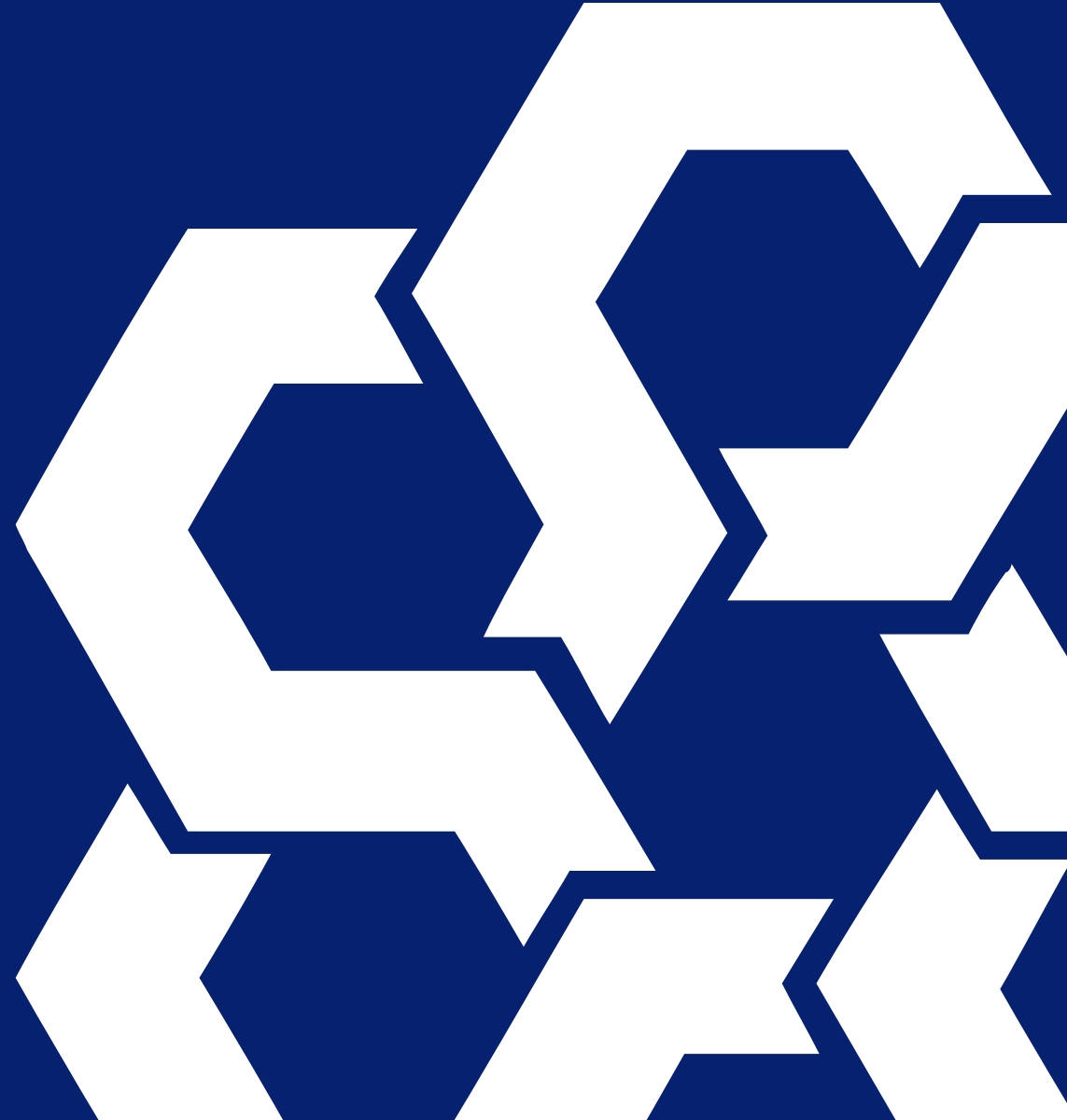
Purpose of this session



Purpose of this session

- Provide ASAF members with an update on the IASB's outreach activities to date and on common feedback themes.
- Seek information from ASAF members on:
 - current levels of engagement on the Exposure Draft and intended fieldwork participation in their jurisdictions or regions, and identify areas where further guidance or clarification is needed;
 - potential priority areas for education and outreach activities on which the IASB should focus on during the remaining consultation period; and
 - companies in their jurisdictions or regions that still apply IAS 39 hedge accounting requirements.

Questions to ASAF members

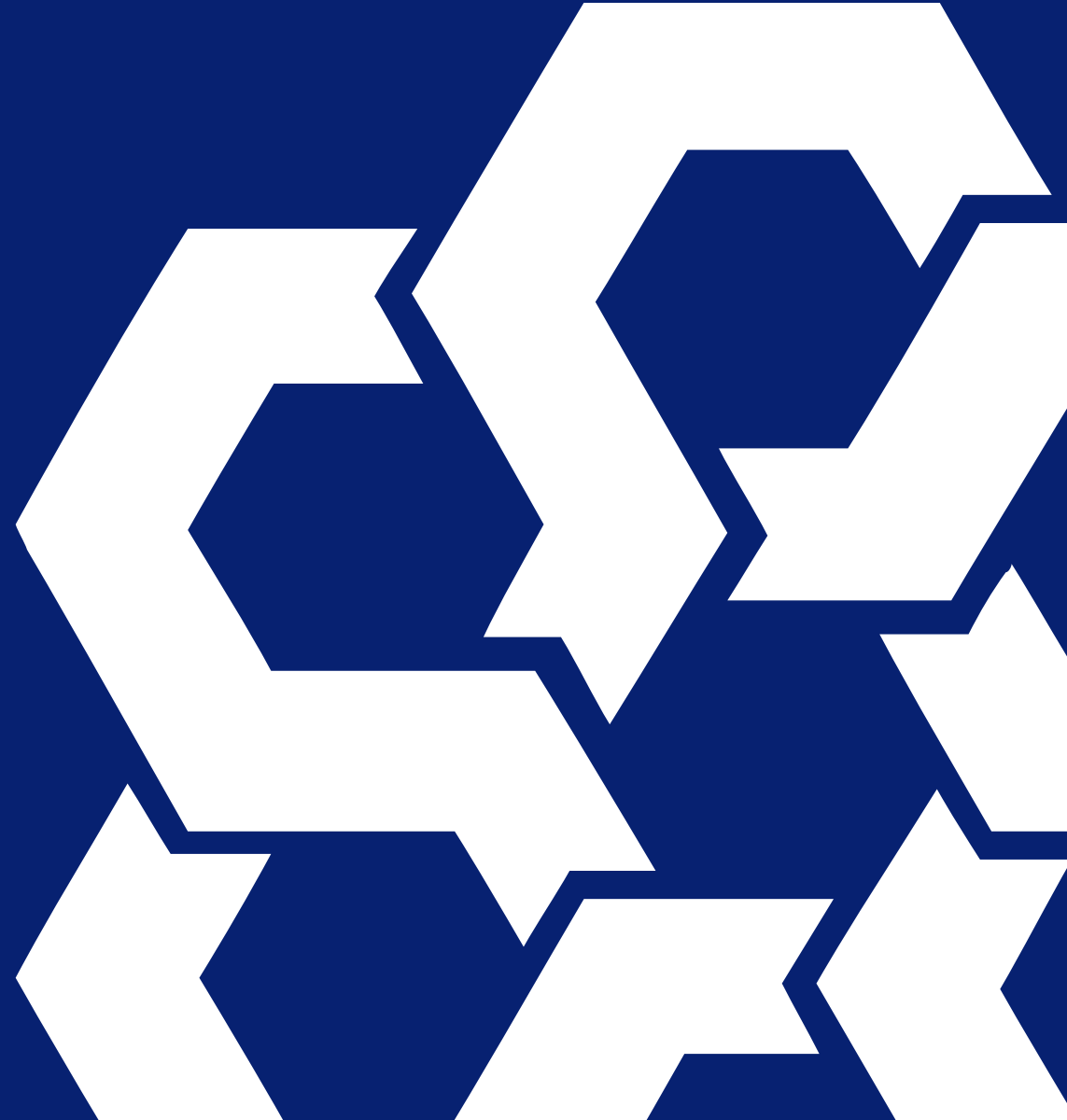


Question to ASAF members

Question to ASAF members

- 1. What is the current level of engagement on the Exposure Draft in your jurisdiction or region, including intended participation in the fieldwork?**
- 2. In your view, are there any priority areas for education and outreach activities on which the IASB should focus on during the remaining consultation period?**
- 3. Apart from banks and insurance companies, are you aware of any companies in your jurisdiction or region that still apply IAS 39 hedge accounting requirements? Do you have any suggestions on how the IASB could reach out to them regarding the proposed withdrawal of IAS 39?**

Project update



Introduction

- The IASB published the Exposure Draft *Risk Mitigation Accounting* in December 2025, and in May 2026 extended the comment period to 30 November 2026, which is also the due date for field work results.
- In the Exposure Draft, the IASB proposes a new accounting model designed to better reflect how financial institutions manage interest rate risk.
- Once finalised, Risk Mitigation Accounting would supplement the general hedge accounting requirements in IFRS 9 and inform how and when IAS 39 could be withdrawn.
- The proposals are developed for entities that manage repricing risk on a net basis and are expected to be directly relevant to entities that rely on ‘macro’ hedge accounting for interest rate risk under IAS 39.

Since publishing the ED...

- IASB members and staff have been doing extensive outreach on ED proposals.
- Our outreach is not only aiming to create awareness and educate stakeholders on the proposed RMA requirements, but also to clarify misunderstandings and learning from stakeholders about what might not be working as intended, and why.
- Outreach included participants from all stakeholder groups—preparers, accounting and auditing firms, national standard-setters, prudential regulators, and investors.
- Participants in outreach are from many jurisdictions, including Australia, Austria, Brazil, Canada, China, France, Germany, Hong Kong, Italy, Japan, Malaysia, Netherland, New Zealand, Singapore, South Korea, Spain, Switzerland and UK.
- We have also published a number of webcasts to clarify some frequently asked questions about the proposed requirements.

Resources on IFRS Foundation website

Snapshot: Exposure Draft Risk Mitigation Accounting—Proposed amendments to IFRS 9 and IFRS 7

Request for fieldwork: Exposure Draft Risk Mitigation Accounting—Proposed amendments to IFRS 9 and IFRS 7

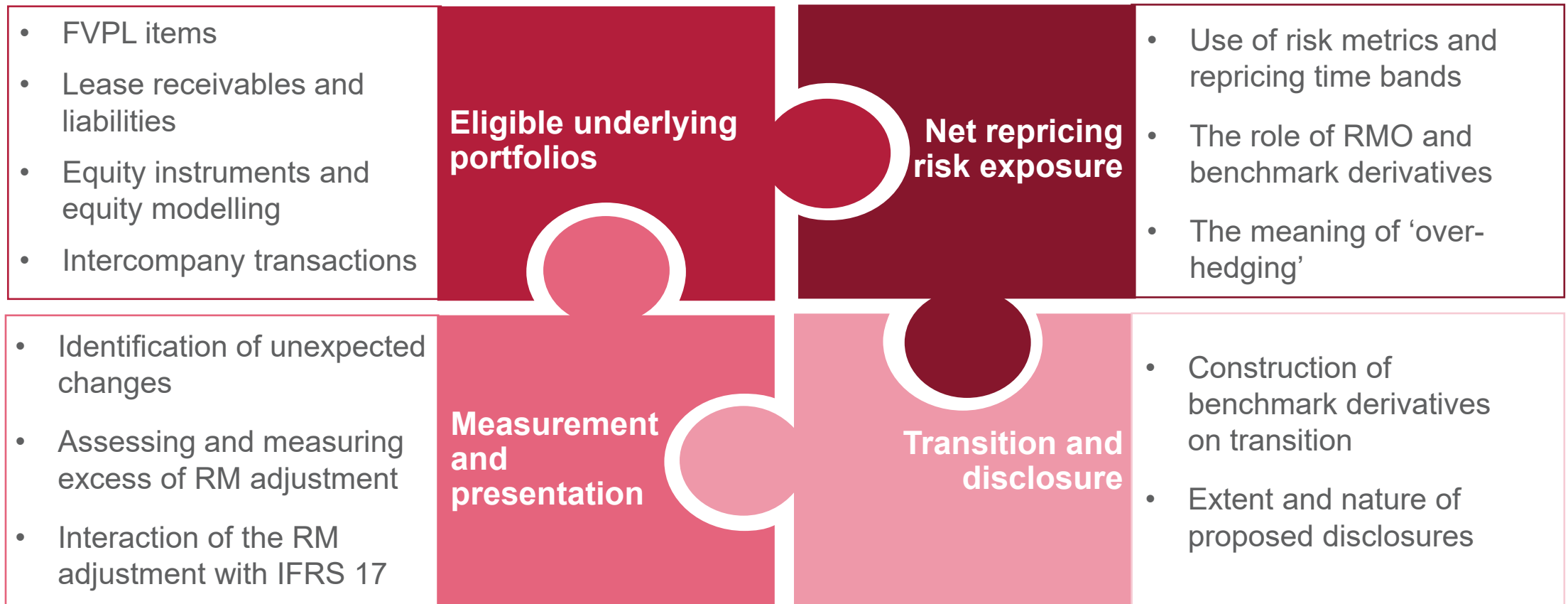
Exposure draft package:

- **Exposure Draft: RMA**
- **Exposure Draft: RMA—Basis for Conclusions**
- **Exposure Draft: RMA—Illustrative Examples and Implementation Guidance**

Webcasts:

- **Webcast 1: Introducing the Risk Mitigation Accounting consultation**
- **Webcast 2: Risk Mitigation Accounting—what it means in practice**
- **Webcast 3: Explanations on some proposals in the Exposure Draft**

Common feedback themes



Common feedback themes (cont.)

- In the staff's view most of these items could be solved through drafting improvements or minor changes to the proposed requirements. This could be the case for example, on equity modelling, fair value through profit or loss items, and lease receivables and payables.
- The inclusion of equity as part of the underlying portfolios remains the most frequently raised item in outreach. The intention with paragraph B7.2.17 with regards to equity modelling—modelling equity as a fixed rate interest rate exposure that is funding fixed or floating rate financial assets—has already been clarified in a [webcast](#). However, the staff will explore further ways to clarify the proposed requirements.
- The use of repricing time bands, including the number and granularity of an entity's time bands, is another item that has been covered in the [webcast](#).

Common feedback themes (cont.)

- The meaning of ‘over-hedging’ is another commonly raised topic, and the staff acknowledge that some of the wording in the Exposure Draft is contributing to the misunderstanding of the proposals.
- The ED states that risk mitigation objective shall not exceed the amount of NRRE in any repricing time band (paragraph 7.4.1). In other words, an entity cannot set out to mitigate more repricing risk than it actually has under the RMA model. When specifying RMO and constructing benchmark derivatives, the amount of repricing risk per time bucket is capped at the amount of repricing risk in a particular repricing time band.
- The ED **does not** intent to:
 - place a restriction on the designated derivatives an entity uses to mitigate repricing risk; or
 - require the measurement of misalignment (through the ‘lower of’ measure) per repricing time band.
- Measurement of designated derivatives remains unchanged on an instrument-level.

Common feedback themes (cont.)

- However, some items might require more substantial refinements to the proposals, in particular:
 - construction of benchmark derivatives at transition to RMA (ie non-zero fair value); and
 - assessment of risk mitigation adjustment excess—both the type of ‘trigger’ events that lead to measurement and the measurement of the excess.
- The fieldwork provides a good opportunity for stakeholders to provide the IASB with information about why proposals might not achieve the intended objective and suggest alternatives to consider.
- All stakeholders are encouraged to participate in fieldwork to help identify potential improvements to be made to the proposed model.

Making the most of remaining comment period

- IASB members and staff will continue to do outreach during the remaining comment period to understand as much as possible about areas of particular concern to stakeholders, and to clarify areas where there might be potential misunderstanding of the proposed requirements.
- We will also continue to engage with banks and insurance entities to understand the similarities and differences between how repricing risk is being managed and the proposed risk mitigation accounting model.
- Engagement with investors, securities and prudential regulators will also continue to ensure the views and inputs of all stakeholders are obtained.

ASAF members and other stakeholders are therefore invited to share suggestions for topics or items for which further educational materials such as webcasts might enhance the consistent understanding of the proposals.

Proposed withdrawal of IAS 39



- Although many stakeholders currently applying IAS 39 hedge accounting requirements may already be aware of the proposed withdrawal of IAS 39 through the RMA Exposure Draft, some entities may not be.
- The IASB considers it important that all entities applying these hedge accounting requirements are aware of this proposal and assess its potential effects on their hedging relationships.

ASAF members are urged to raise awareness of this proposal among their stakeholders, enabling them to assess its potential effects on their hedging relationships and identify any potential areas where further outreach may be needed, either as part of the RMA project or the post-implementation of the IFRS 9 hedge accounting requirements.

Get involved

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- Respond to [consultations](#)

Track progress

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