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## FASB | IASB Education Meeting

Date	<b>5 June 2026</b>
Project	<b>Post-implementation review of IFRS 9—Hedge Accounting</b>
Topic	<b>Project update</b>
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# PIR of IFRS 9—Hedge Accounting: Session overview

## **Purpose of this session**

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- Provide FASB members with a brief project update (slide 3)

## **Background information**

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- Topic areas (slide 4)
- PIR process (slides 5–7)
- Expected effects of IFRS 9 hedge accounting requirements and related IFRS 7 disclosure requirements (slides 8–11)

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## PIR of IFRS 9—Hedge Accounting: Project update

### Timeline and process

- IASB started PIR of the hedge accounting requirements in IFRS 9 in Q1/2026
- IASB currently conducting outreach to inform the scope of the RFI with:
  - Consultative groups
  - Accounting firms
  - Other organisations
- Staff to report back to the IASB on the feedback at the July 2026 IASB meeting
- Publication of RFI expected in September/October 2026 (with a comment period of 120 days)

### Preliminary feedback

- Feedback overall has been positive (requirements generally working as intended)
- Identified some application issues, although unclear how widespread issues are (e.g., rebalancing, cost of hedging approach)
- Some have expressed interest in expanding the exception for contracts referencing nature-dependent electricity (i.e., designation of variable nominal amounts) to other items

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## PIR of IFRS 9—Hedge Accounting: Topic areas

**1** Eligible hedged items and hedging instruments

**2** Hedge effectiveness requirements

**3** ‘Cost of hedging’ concept

**4** Basis adjustment, rebalancing & discontinuation

**5** Transition

**6** Disclosures

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## PIR—What is the objective?



### OBJECTIVE

To **assess** whether the **effects** of applying new requirements on users, preparers, auditors and regulators of financial statements are **as intended** when the IASB developed those new requirements

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Overall, are the requirements working as intended?

**Fundamental questions** about the core objectives or principles—their clarity and suitability—would indicate that the new requirements are not working as intended

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Are there specific application questions?

**Specific application questions** would not necessarily prevent the IASB from concluding that the new requirements are working as intended, but might nonetheless need to be addressed if they meet the criteria for whether the IASB would take further action

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## PIR—How does the IASB respond to identified matters?

**1**

Consider whether to take action based on extent to which...

- objective of the new requirements is not being met
- benefits to users are significantly lower than expected
- costs of application are significantly greater than expected

**2**

Determine prioritisation of matters based on extent to which...

- matter has substantial consequences
- matter is pervasive
- matter arises from a financial reporting issue that can be addressed by the IASB or IFRS Interpretations Committee (IC)
- benefits of any action are expected to outweigh the costs

**3**

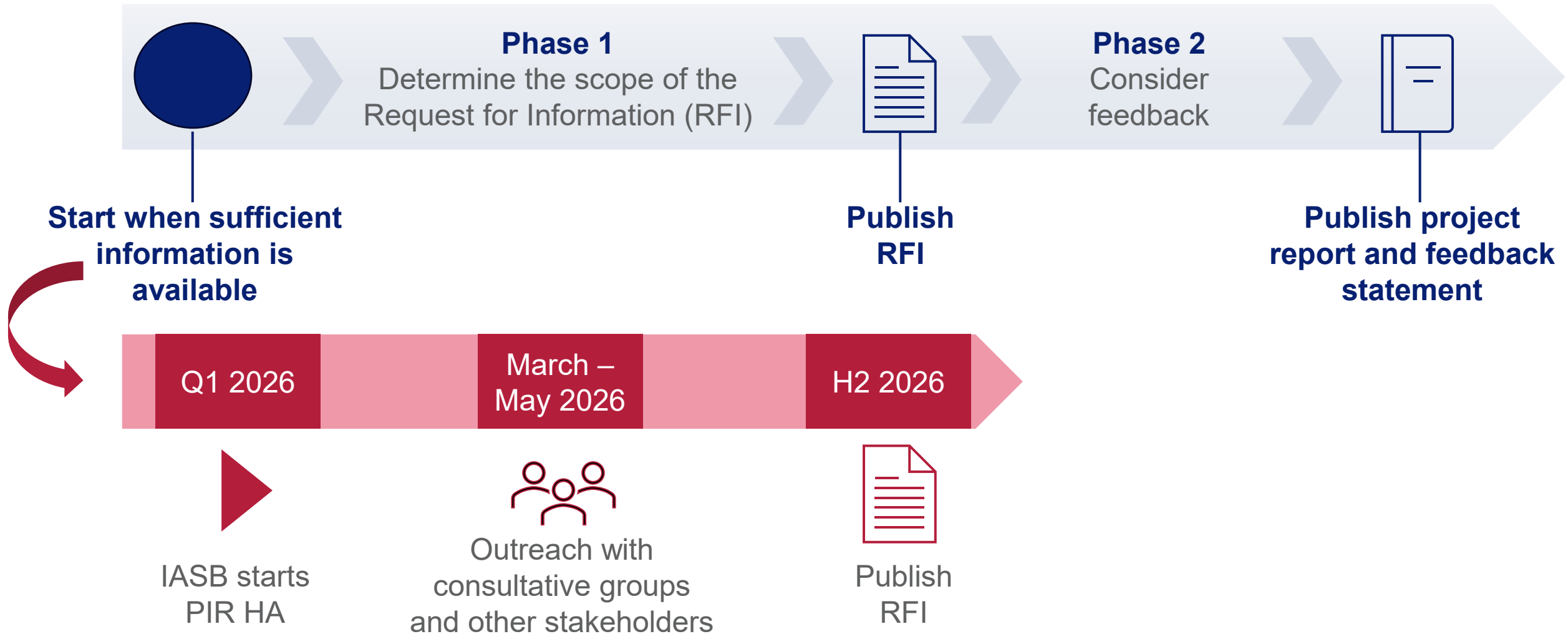
Actions could include:

- standard-setting
- referring a matter to the IC
- developing materials to support consistent application

The IASB might also conclude that no action is required

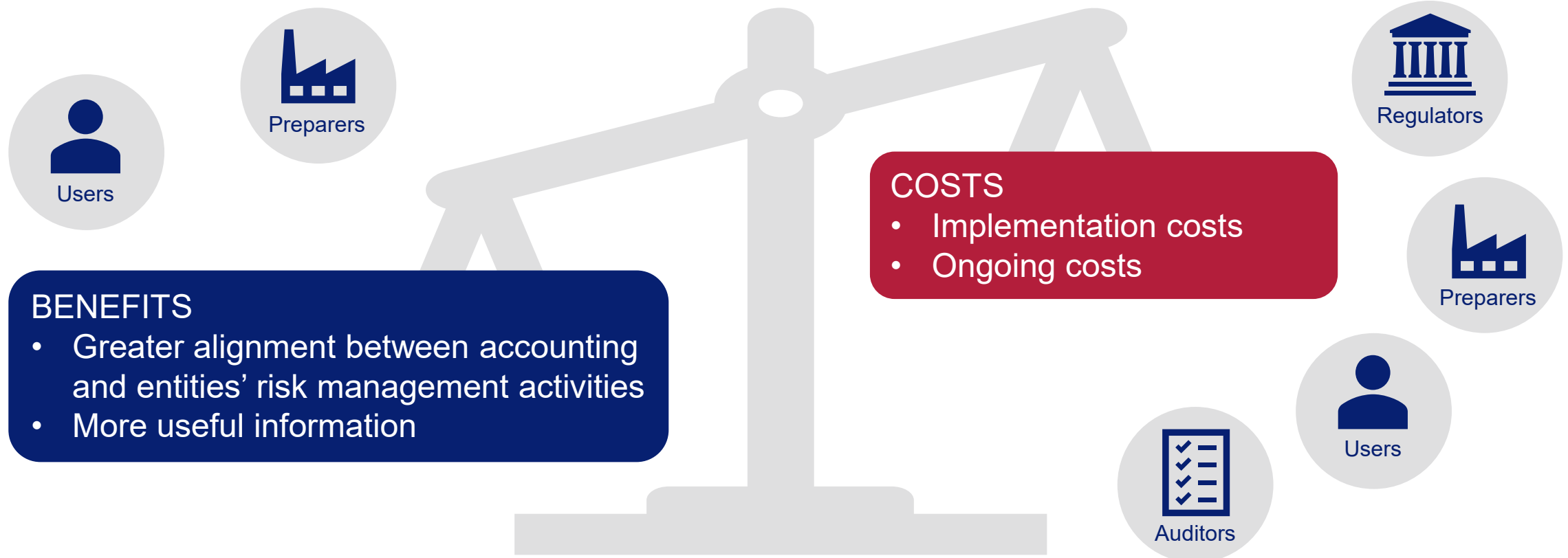
A PIR is not a standard-setting project and does not automatically lead to standard-setting

# PIR—What is the process and where are we?



## Expected effects—an overview

The IASB expected the benefits of the hedge accounting requirements in IFRS 9 and the related disclosure requirements in IFRS 7 to outweigh the costs



## Expected benefits

 **Preparers**

### Greater alignment between accounting and entities' risk management

- Reduced need to produce information solely for accounting purposes (i.e., entities can use some of the information already being produced for risk management purposes)

### Reduced volatility in financial statements

- Reduced need to produce non-GAAP measures for reporting on hedging activities

 **Users**

### More useful information for decision-making, allowing users to understand:

- an entity's risk management strategy
- how an entity's hedging activities affect the amount, timing and uncertainty of its future cash flows
- the effect that hedge accounting has had on an entity's financial statements

## Expected implementation costs



### Preparers

#### Communication and education

- Accounting & Treasury functions, management
- Analysts, investors



#### Adjustments to systems, processes and controls

- New eligible hedging relationships
- Updates to hedge documentations
- Updates to internal policies



#### Adjustments to financial reporting

- Notes to the financial statements
- Tagging of digital reports, if applicable



### Users/auditors/regulators

#### Education and updates to methodologies to analyse, audit or enforce financial statements

- Hedge accounting mechanics remain unchanged
- Some changes to accounting (e.g., 'cost of hedging' concept or basis adjustment)
- Some new eligible hedging relationships

## Expected ongoing costs



**Capturing of data for disclosure in the notes to the financial statements**



**Some costs to maintain hedging relationships, but expected to be substantially lower than under IAS 39, e.g.:**

- Testing of hedge effectiveness requirements
- Updates to hedge documentation or other documents/policies



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