



Hedging

FASB—IASB Education Meeting

June 5, 2026

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Feedback on Hedge Accounting

Complex

Entity-wide strategies cannot be reflected

Prohibiting net position hedging does not reflect risk management activities

Eligible hedged risks are limited

Eligible hedged items and hedging instruments are limited

Effectiveness thresholds do not align with management's objectives

Disclosures are voluminous but lack decision-useful information

Overarching Project Plan



Short Term

Focused on three targeted improvements, meant to remove narrow exceptions and limitations in the existing model

Medium Term

Aimed at allowing more financial liabilities to be hedged in a group, which makes applying hedge accounting more efficient and practical

Long Term

A comprehensive reconsideration of the current hedge accounting model with the objective of making it more accessible and reflective of risk management activities across all types of entities

Short Term: Targeted Improvements to Hedge Accounting



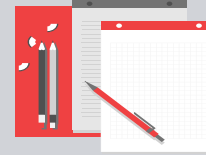
Project Objective

Remove exceptions and limitations in discrete areas of hedge accounting to make it more broadly applicable



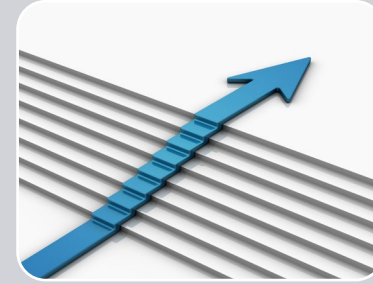
Hedging Held-to-Maturity (HTM) Debt Securities

Would allow entities to hedge interest rate risk in HTM debt securities



Transition & Early Adoption

Prospective transition with early adoption permitted



Next Steps

Proposed Update expected to be issued in Q3 2026 with a 60-day comment period

Medium Term: Portfolio Layer Method (PLM) for Liabilities

■ Background

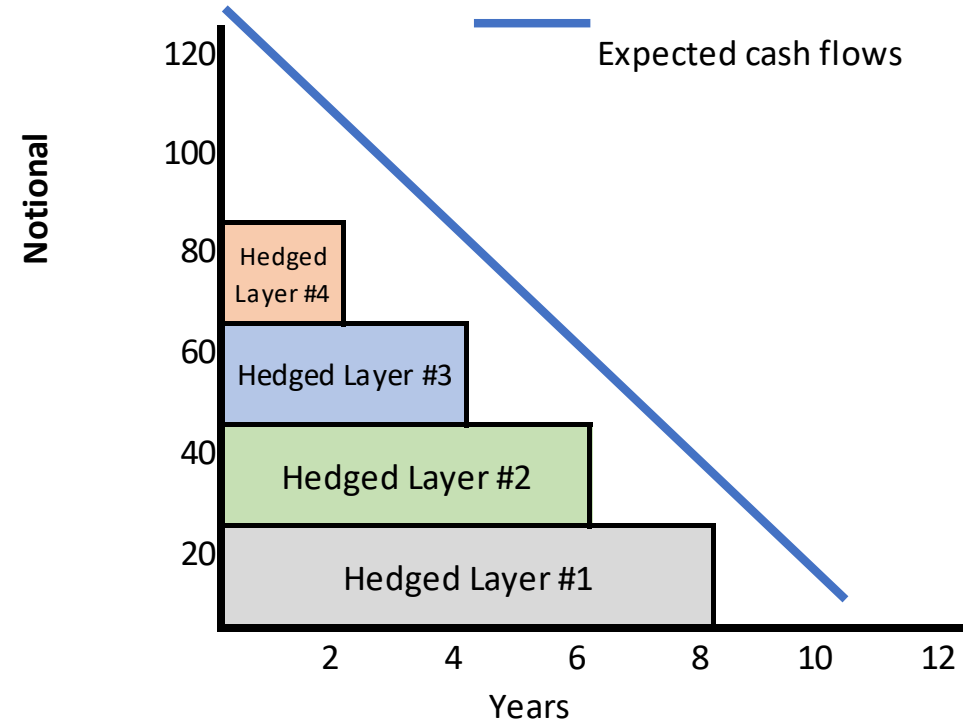
- The Board has received feedback through agenda requests from the insurance industry and the 2025 ITC to extend PLM to liabilities

■ Current Status

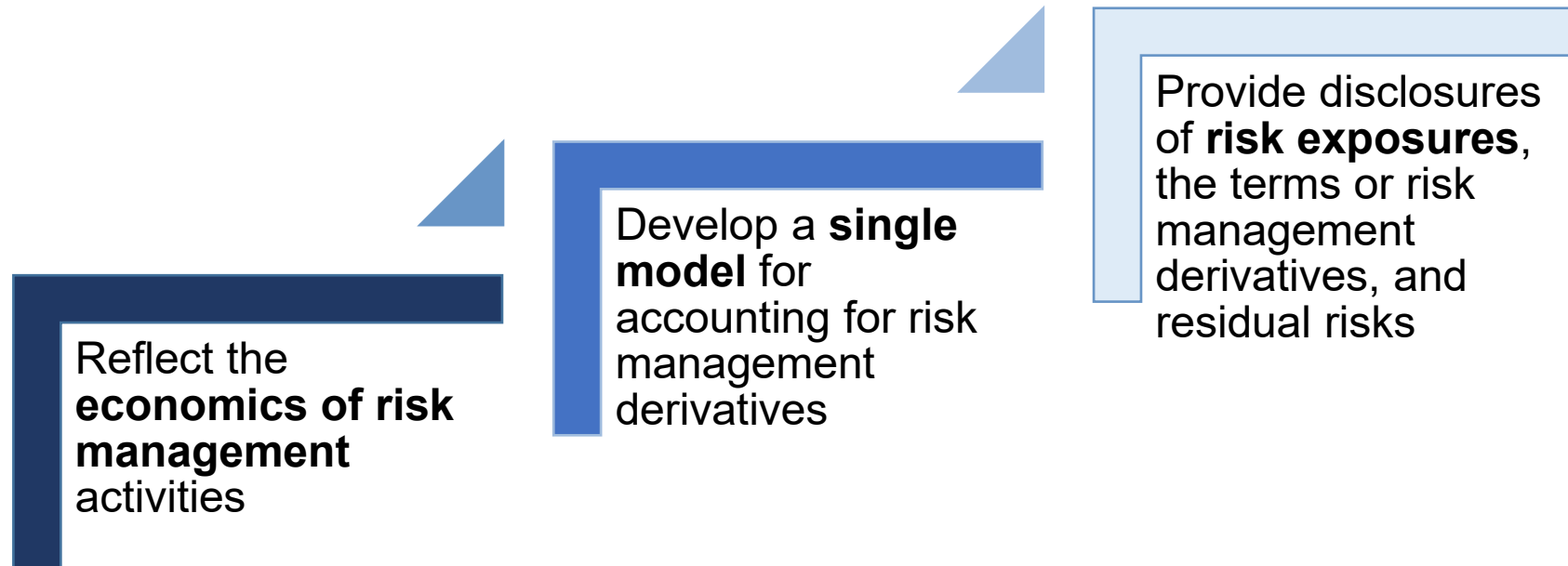
- Project added to the technical agenda on April 22, 2026

■ Next Steps

- Board will begin future deliberations later this year



Long Term: Research on a New Model



Thank You