
IASB[®] meeting

Date	May 2026
Project	Amendments to the Fair Value Option (IAS 28)
Topic	Feedback, staff analysis and recommendations (fair value option in IAS 28)
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Purpose of the meeting

- 1 In February 2026, the International Accounting Standards Board (IASB) published the [Exposure Draft](#) *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures* which proposed amendments to paragraphs 18–19 of IAS 28 *Investments in Associates and Joint Ventures*. The comment period ended on 20 April 2026.
- 2 Agenda paper 12E sets out the structure of the agenda papers for this meeting, the background of the proposed amendments, a summary of the proposals in the Exposure Draft and an overview of the feedback on those proposals.
- 3 This paper:
 - (a) summarises the feedback on the proposal to clarify that similar entities include those that have a main business activity of investing in particular types of assets (as set out in paragraph 49(a) of IFRS 18 *Presentation and Disclosure in Financial Statements*);
 - (b) provides our analysis of, and recommendations on that feedback; and

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- (c) asks whether the IASB agrees with our recommendations in paragraph 7–8 of this paper.
- 4 In this paper references to:
- (a) ‘investor’ and ‘associate’ should be read as also referring to ‘joint venturer’ and ‘joint venture’ in relation to investments in joint ventures;
 - (b) ‘the fair value option’ should be read as referring to ‘the fair value option as set out in paragraphs 18–19 of IAS 28’; and
 - (c) ‘investing in assets’ should be read as referring to ‘investing in particular types of assets’ as set out in paragraph 53 of IFRS 18.

Structure of the paper

- 5 This paper includes:
- (a) [staff recommendations](#) (paragraphs 7–8);
 - (b) [questions for the IASB](#); and
 - (c) [summary of feedback, staff analysis and recommendations](#) (paragraphs 9–63)
- 6 There are three appendices to this paper:
- (a) [Appendix A](#)—*Draft changes to the proposed amendments*. This appendix sets out possible changes to the proposed amendments.
 - (b) [Appendix B](#)—*Other comments*. This appendix summarises other comments from respondents to the Exposure Draft.
 - (c) [Appendix C](#)—*Feedback from outreach activities*. This appendix summarises feedback from consultative groups.

Staff recommendations

- 7 Based on the feedback on the Exposure Draft and the staff analysis in paragraphs 9–63 of this paper, we recommend that the IASB:
- (a) finalise the amendments to paragraphs 18–19 of IAS 28 as proposed in the Exposure Draft subject to minor drafting improvements; and
 - (b) require an entity to apply those amendments at the same time, and on the same basis, as it applies IFRS 18.
- 8 We also recommend that the IASB explores whether to provide an unrestricted fair value option as part of its future work plan priorities.

Questions for the IASB

Questions for the IASB

1. Do you agree with our recommendation to finalise the IASB's proposals as set out in paragraph 7?
2. Do you agree with our recommendation to explore an unrestricted fair value option as part of the IASB's future work plan priorities?

Summary of feedback, staff analysis and recommendations

Feedback overview

- 9 Most respondents generally supported the proposed amendments to the fair value option because the amendments respond to stakeholder concerns about the identified diversity in practice. These respondents also appreciated the IASB's efforts to complete any standard-setting urgently so that the amendments could be finalised (and, if applicable, endorsed) in time for the initial application of IFRS 18.

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- 10 However, many of these respondents said that further clarifying the intended scope and practical application of the amendments would ensure they are consistently interpreted and applied. Their suggestions for matters that could be further clarified, are summarised in paragraphs 14–23.
- 11 Most of the respondents that supported the proposed amendments also strongly suggested the IASB consider the need for an unrestricted fair value option in the near future.
- 12 Some respondents disagreed with the proposed amendments, but their reasons for doing so differed:
- (a) a few respondents, mainly standard-setters and preparers, said the fair value option should be available to all entities because they see no conceptual reason for continuing to limit the use of the fair value option to particular entities;
 - (b) a few respondents said that the IASB should develop a more principle-based approach which focuses on whether an investment in associate is managed on a fair value basis instead of an approach focused on particular types of investors; and
 - (c) a few respondents said that the IASB should first undertake a comprehensive conceptual review of the equity method, including clarifying whether the equity method is a valuation approach or consolidation approach, before making changes to the fair value option.
- 13 The following paragraphs further explain respondents’ comments and provide our analysis and recommendations. We grouped comments into the following categories:
- (a) [clarifying the interaction between requirements in IAS 28 and IFRS 18](#) (paragraphs 14–39);
 - (b) [simplifying the fair value option](#) (paragraphs 40–42);
 - (c) [unrestricted fair value option](#) (paragraphs 43–48);
 - (d) [revocability of the fair value option](#) (paragraphs 49–55); and

- (e) [effective date and transition](#) (paragraphs 56–63).

Clarifying the interaction between requirements in IAS 28 and IFRS 18

Summary of feedback

- 14 Many respondents said that to ensure the proposed amendments are consistently applied, it would be helpful to provide further explanation about the interaction between the fair value option in IAS 28 and the requirements related to main business activities in IFRS 18. We grouped the comments into the following categories:
- (a) effect on venture capital organisations, mutual funds or unit trusts (paragraph 15);
 - (b) indirectly held investments in associates (paragraphs 17–20); and
 - (c) interaction with requirements in paragraph 55 of IFRS 18 (paragraphs 21–23).

Effect on venture capital organisations, mutual funds and unit trusts

- 15 Some respondents said that, in their view, it is unclear whether a venture capital organisation, mutual fund or unit trust would also need to assess whether it has a main business activity of investing in assets in order to use the fair value option. They said that, if this was the case, it would introduce a new test for entities already applying the fair value option.
- 16 These respondents suggested that the IASB clarify that having a main business activity of investing in assets is an additional way for entities to be eligible to use the fair value option, instead of a requirement for all eligible entities.

Indirectly held investments in associates

- 17 Many respondents suggested that the IASB clarify how the requirements apply to group entities that hold investments in associates indirectly through an entity with a main business activity of investing in assets.

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- 18 Some respondents said that it was not clear at which level the main business activity assessment is made because IFRS 18 requires the assessment to be made at reporting entity level whereas an entity's eligibility for the fair value option in IAS 28 is considered at the level of the entity holding the investment.
- 19 Other respondents said that it was unclear whether the fair value option could be used in the parent's consolidated financial statements when the parent does not have a main business activity of investing in assets. These respondents had mixed views:
- (a) a few were of the view that the fair value option cannot be used by a parent entity if it does not also have a main business activity of investing in assets; but
 - (b) a few others were of the view that a parent entity that holds the investment in an associate indirectly through a subsidiary that has a main business activity of investing in assets can use the fair value option.
- 20 Most of these respondents suggested that the IASB clarify this matter to ensure stakeholders have a consistent understanding of the requirements.

Interaction with requirements in paragraph 55 of IFRS 18

- 21 Some standard-setters and accountants noted that income and expenses are not automatically classified in the operating category in accordance with IFRS 18 when investments are measured using the fair value option in IAS 28. They noted that, in accordance with paragraph 55 of IFRS 18, income and expenses from an investment in associate accounted for using the fair value option is only classified in the operating category if an entity invests in these assets as a main business activity. In other words, an entity with a main business activity of investing in assets can account for any of its associates using the fair value option; however, it can only classify the related income and expenses in the operating category if it invests in that asset as a main business activity.
- 22 These respondents said that it was not sufficiently clear that income and expenses from an investment in associate accounted for using the fair value option are not

automatically classified in the operating category. They suggested that the IASB provide further explanation about this matter.

- 23 While they were supportive of the proposed amendments, some other respondents were of the view that the fair value option should only be available for those investments in associates that an entity invests in as a main business activity. These respondents suggested that the proposed amendments be more closely aligned to the requirements in paragraph 55 of IFRS 18, because in their view, without this qualification, the amendments would:
- (a) allow more entities than the IASB had originally intended to use the fair value option. For example, in addition to insurers, investment property companies would also be eligible to use the fair value option even if those entities do not invest in associates as a main business activity.
 - (b) increase financial reporting bias because entities with similar business activities may not be permitted the same choice. For example, an entity that has both a main business activity of investing in assets and a non-investing main business activity, such as manufacturing, would be permitted to use the fair value option for any of its investments in associates. However, an entity that only has a manufacturing main business activity would not be permitted to use the fair value option. They said that this would decrease comparability between entities.

Staff analysis and recommendations

Effect on venture capital organisations, mutual funds and unit trusts

- 24 Paragraph BC9(b) of the Exposure Draft explains that the IASB did not intend to create a new assessment for entities already using the fair value option and therefore the proposed amendments are not intended to affect entities that already use the fair value option. For this reason, the IASB did not make any editorial amendments to the current drafting of the listed entities to indicate that these entities are not affected by

the amendments. However, in light of the feedback, we think some minor editorial changes would help clarify the IASB's intention.

- 25 We think the IASB could clarify through minor drafting improvements that the fair value option is available to an entity that is a venture capital organisation, mutual fund, unit trust *or* a similar entity (see [Appendix A](#)). In other words, a venture capital organisation, mutual fund or unit trust is not required to have a main business activity of investing in assets to use the fair value option.

Indirectly held investments in associates

- 26 Paragraph 18 of IAS 28 currently states '[w]hen an investment in an associate or a joint venture is held by, or is *held indirectly through*, an entity that is a...' [emphasis added]. The eligibility for the fair value option is therefore based on the nature of the entity holding the investment in the associate, not on the entity indirectly holding that investment.
- 27 The proposed amendments only clarify the meaning of 'similar entities'; they do not propose any other amendments to the requirements relating to the fair value option. Therefore, in our view, it is clear that the same accounting would apply when the investment in an associate is held indirectly through an entity that has a main business activity of investing in assets.
- 28 Consequently, it is the entity holding the investment in an associate that needs to have a main business activity of investing in assets, not the parent of such an entity.¹
- 29 We therefore disagree with respondents that said it was not clear at which level the main business activity assessment is made. We also do not think any changes or clarifications to the proposed amendments are needed in this regard.

¹ We note that, as explained in paragraph 25, a venture capital organisation, mutual fund or unit trust is not required to have a main business activity of investing in assets to use the fair value option.

Interaction with requirements in paragraph 55 of IFRS 18

- 30 We agree with respondents that noted that income and expenses are not automatically classified in the operating category under IFRS 18 when investments are measured using the fair value option in IAS 28. An entity that has a main business activity of investing in assets as set out in paragraph 49(a) also needs to apply paragraphs 53 and 55 of IFRS 18 to determine the classification of income and expenses related to its investments in associates.
- 31 These paragraphs require income and expenses from investments in associates, joint ventures and unconsolidated subsidiaries not accounted for under the equity method—that is, those measured at fair value—to be classified in the operating category only when an entity invests in these assets as a main business activity.
- 32 We acknowledge that this could result in an investment in associate that is eligible to be measured using the fair value option, to be classified in the investing category if the entity does not invest in that associate as a main business activity.
- 33 However, when developing the proposals in the Exposure Draft, the IASB considered whether to link the eligibility for the fair value option to the requirement to classify specified income and expenses from associates in the operating category if the entity invests in those assets as a main business activity and accounts for that investment using the fair value option (see paragraph 55(b) of IFRS 18).
- 34 The IASB concluded that providing a reference to paragraph 55(b) of IFRS 18 would add complexity to the requirements for the fair value option because it would make the measurement of investments in associates dependent on a presentation requirement instead of presentation being the result of an entity's measurement choices.
- 35 The IASB also considered qualifying the fair value option so that 'similar entities' could use this option only when they have a main business activity of investing in assets (as set out in paragraph 53 of IFRS 18) and they invest in associates, joint

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- ventures and unconsolidated subsidiaries as a main business activity (as set out in paragraph 55 of IFRS 18).
- 36 However, the IASB considered that such a restriction does not exist for other entities eligible to use the fair value option in IAS 28 such as venture capital organisations, unit trusts or mutual funds. Those types of entities can elect to use the fair value option for any of their investments in associates, regardless of the purpose for holding that investment.
- 37 This is because the ability to currently elect the fair value option is dependent on the nature of the entity holding the investment, not the purpose for which the entity holds the investment. The IASB considered that requiring the fair value option to be dependent not only on the nature of the entity holding the investment, but also the purpose for which they are holding it, would add complexity and create an internal inconsistency within IAS 28. It would also risk unintended consequences for entities already applying the fair value option. Therefore, the IASB concluded that, on balance, it would be more helpful to align the requirements for the fair value option with paragraph 49(a) of IFRS 18.
- 38 We continue to agree with referencing paragraph 49(a) of IFRS 18 and we do not recommend restricting the fair value option to particular investments in associates. We acknowledge that the amendments would permit more entities to use the fair value option than the IASB might have intended at the start of this project, but we continue to agree with the reasons for the IASB's decisions as explained in paragraphs 33–37 of this paper.
- 39 Therefore, we recommend that the IASB continue to refer to paragraph 49(a) of IFRS 18. We continue to think that this approach will meet the objectives of the project while reducing the risk of unintended consequences. We do not think any changes or clarifications to the proposed amendments are needed in this regard.

Simplifying the fair value option

Summary of feedback

- 40 While agreeing with the objective and overall direction of the proposed amendments, some respondents suggested simplifying the requirements for the fair value option by removing the reference to specified entities currently included in the requirement. These respondents said, instead, reference should only be made to the entity's main business activities. In their view, this would improve the requirement by making it more concise and principles-based. For example, these respondents suggested the following alternative drafting:

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that has a main business activity of investing in particular types of assets (see paragraph 49(a) of IFRS 18), ~~is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds,~~ the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

Staff analysis and recommendation

- 41 Although we agree that the fair value option requirements in IAS 28 could be re-drafted in a simpler and more principle-based manner, we do not recommend making such changes as part of this urgent narrow-scope project. Paragraph BC9 of the Exposure Draft explains the IASB's view that any amendments should be narrow in scope, focusing only on the concerns identified and should not affect entities that already use the fair value option.
- 42 We think that deleting the reference to the specific entities already listed in paragraph 18 of IAS 28 could be perceived as a more significant change to the requirement than what is intended. We also think such a deletion could be disruptive to those specified entities already using the fair value option. We therefore recommend retaining the

reference to a venture capital organisation, a mutual fund and a unit trust and clarifying only what is meant by ‘similar entities’.

Unrestricted fair value option

Summary of feedback

- 43 Most respondents agreed with the IASB’s approach to clarifying the existing fair value option instead of making the fair value option available to all entities because of the urgent nature of the amendments. These respondents generally agreed that more time would be needed to gather information about the effects of such an unrestricted fair value option.
- 44 Nevertheless, most of these respondents were also supportive of the IASB considering the need for an unrestricted fair value option in the near future because they see no conceptual reason for limiting the use of the fair value option to particular entities. They said an unrestricted fair value option would:
- (a) be more principle-based; and
 - (b) enable entities to measure their investments in associates in a way that, in their view, would provide the most useful information to users of their financial statements.
- 45 They suggested this could be undertaken as part of the IASB’s project on the equity method of accounting, as a separate project or as part of the IASB’s next agenda consultation.
- 46 However, a few respondents that agreed with the proposed amendments, specifically said that they do not support an unrestricted fair value option because:
- (a) an unrestricted fair value option would reduce comparability between different entities’ financial statements; and
 - (b) the equity method would better depict the economics of the relationship between the investor and investee in most circumstances.

Staff analysis and recommendation

- 47 We agree with most respondents that more time would be needed to gather information about the effects of an unrestricted fair value option. Therefore, we continue to think that a project to explore an unrestricted fair value option could not be completed in time for the change to be available to entities by the effective date of IFRS 18.
- 48 However, we acknowledge that most respondents support a future project to explore an unrestricted fair value option as an alternative to equity method accounting. We therefore recommend that the IASB consider exploring an unrestricted fair value option as part of its future work plan priorities.

Revocability of the fair value option***Summary of feedback***

- 49 Many respondents commented on the revocability of the fair value option. Some of these respondents noted that, unlike the fair value option in paragraphs 4.1.5 and 4.2.2 of IFRS 9 *Financial Instruments*, paragraph 18 of IAS 28 does not explicitly state that the fair value option is irrevocable. Instead, paragraph 18 of IAS 28 says that the fair value option is elected ‘at initial recognition’ with no further guidance.
- 50 A few respondents said that in practice, this is interpreted as the fair value option being generally irrevocable except for limited scenarios, for example when the entity holding the investment is no longer one of the types of entities listed in paragraph 18 of IAS 28.
- 51 A few standard-setters and a regulator suggested that the IASB amend the fair value option to explicitly state that it is irrevocable. However, most other respondents that commented on this topic suggested that the IASB provide guidance on whether an entity is permitted to revoke the fair value option in some circumstances. These

respondents generally supported permitting an entity to change its election in limited circumstances, for example:

- (a) when the main business activity of an entity changes; or
- (b) when observable fair value information becomes available or is no longer available.

52 However, some respondents acknowledged that the matter of whether or not to make the fair value option revocable is beyond the scope of the project. They suggested that the IASB consider clarifying this matter as part of a separate project or by referring it to the IFRS Interpretations Committee.

53 A few respondents also said that, in their view, it is not necessary for the IASB to refer to an entity's ability or inability to revoke the fair value option in the basis for conclusions on IAS 28 because that matter is not in the scope of this narrow-scope project.

Staff analysis and recommendation

54 The IASB explained, in the basis for conclusions on the Exposure Draft, that the matter of whether or not to make the fair value option revocable is beyond the scope of the project. The IASB provided this explanation as a basis for its proposals in the Exposure Draft because some respondents to the [Exposure Draft Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)](#) suggested that entities be permitted to revoke this election in certain circumstances.

55 Although we acknowledge the feedback provided by respondents, we continue to think that this matter is beyond the scope of this narrow-scope project. Therefore, we do not recommend that the IASB provide guidance on the revocability of the fair value option or make further clarifications to the requirements in IAS 28 as part of this project.

Effective date and transition**Summary of feedback**

- 56 Almost all respondents that commented on the effective date and transition agree with the proposal to require an entity to apply the amendments at the same time, and on the same basis, as it applies IFRS 18. They said that this approach would help to minimise implementation costs and operational complexity for entities that elect the fair value option.
- 57 An accounting firm suggested that the IASB clarify the transition requirements for entities that have early adopted IFRS 18. In particular, this respondent asked the IASB to clarify which of the following interpretations applies at the beginning of the reporting period starting on or after the issuance of the amendments:
- (a) any entity eligible for the fair value option can change its elections from the equity method to fair value through profit or loss—that is, including any eligible entities that early adopted IFRS 18 before the proposed amendments were finalised; or
 - (b) only entities that become eligible due to the amendments can choose to measure these investments at fair value through profit or loss under the amendments.
- 58 A few respondents disagreed with the proposal to require an entity to apply the amendments at the same time and on the same basis as it applies IFRS 18. A standard-setter said that, in their view, it is not necessary to finalise the amendments to the fair value option before the effective date of IFRS 18. This respondent suggested that more time would be needed for entities to consider whether to use the fair value option and to make any changes as a result of that election.
- 59 Another standard-setter suggested the IASB consider permitting a modified retrospective approach to transition, whereby changes are applied on initial application of the proposed amendments with any resulting difference recognised in

equity. They said that the retrospective approach required by paragraph C7 of IFRS 18 might give rise to practical challenges. For example, reconstructing historical fair values would require significant estimation and involve the use of hindsight.

Staff analysis and recommendation

- 60 We continue to agree with the proposals related to transition and effective date for the reasons set out in paragraphs BC20–BC21 of the Exposure Draft. We think it is important that the amendments to the fair value option are completed ahead of the effective date of IFRS 18 to ensure that eligible entities can make use of the transition requirement that permits an entity to elect the fair value option on initial application of IFRS 18.
- 61 Paragraph 45M of the Exposure Draft states that an entity that has early adopted IFRS 18 shall apply the amendments in accordance with paragraph C7 of IFRS 18 from the beginning of the reporting period starting on or after the issuance of the amendments. As paragraph C7 applies to any entity that is eligible to apply the fair value option in IAS 28, we are of the view that any entity eligible for the fair value option can change its election from the equity method to the fair value option when it first applies the proposed amendments to IAS 28.
- 62 Furthermore, paragraph C7 of IFRS 18 requires an entity that elects the fair value option to make any change retrospectively applying IAS 8. We continue to think that an entity should be required to apply the amendments to the fair value option on the same basis that it applies IFRS 18. Proposing a different approach for these amendments would also require amending paragraph C7 of IFRS 18 to avoid conflicting transition requirements.
- 63 Therefore, we recommend finalising the proposal to require an entity to apply the amendments to paragraphs 18–19 of IAS 28 at the same time, and on the same basis, as it applies IFRS 18.

Appendix A—Draft changes to the proposed amendments

- A1. This appendix illustrates proposed amendments to paragraphs 18–19 of IAS 28 *Investments in Associates and Joint Ventures* as set out in the Exposure Draft *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures* with draft changes to those proposed amendments in red text. Added text is underlined and deleted text is struck through.
- A2. We note that, if the IASB agrees to proceed with the proposed amendments, the proposal below is subject to changes before the IASB publishes any final amendments.

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Exemptions from applying the equity method

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- 18 When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, ~~or~~ a mutual fund, unit trust or similar entity, and similar entities ~~including investment-linked insurance funds,~~ the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9. A similar entity includes one that has Similar entities include those that have a main business activity of investing in particular types of assets (see paragraph 49(a) of IFRS 18). ~~An example of an investment-linked insurance fund is a fund held by an entity as the underlying items for a group of insurance contracts with direct participation features. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features.~~ An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. (See IFRS 17 *Insurance Contracts* for terms used in this paragraph that are defined in that Standard.)
- 19 When an entity has an investment in an associate, a portion of which is held indirectly through a venture capital organisation, ~~or~~ a mutual fund, unit trust or

~~similar entity and similar entities including investment-linked insurance funds~~, the entity may elect to measure that portion of the investment in the associate at fair value through profit or loss in accordance with IFRS 9 regardless of whether the venture capital organisation, ~~or~~ the mutual fund, unit trust or similar entity and similar entities including investment-linked insurance funds, has significant influence over that portion of the investment. If the entity makes that election, the entity shall apply the equity method to any remaining portion of its investment in an associate that is not held through a venture capital organisation, ~~or~~ a mutual fund, unit trust or similar entity and similar entities including investment-linked insurance funds.

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Appendix B—Other comments

B1. The following table summarises other comments from respondents to the Exposure Draft *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*, together with our analysis and recommendations thereon.

Comment	Staff analysis and recommendations
<p><i>1. Interaction with paragraph B38 of IFRS 18</i></p> <p>A few respondents suggested that the IASB clarify the interaction between the fair value option and the application guidance in paragraph B38 of IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> which states that ‘an entity need not assess whether it invests as a main business activity in associates, joint ventures and non-consolidated subsidiaries accounted for using the equity method ... because it is required to classify the income and expenses from those investments in the investing category’. They said, this may cause confusion if an entity only has investments in associates, joint ventures and non-consolidated subsidiaries.</p>	<p><i>No changes proposed</i></p> <p>We think that it is clear that the particular application guidance in paragraph B38 of IFRS 18 is in the context of the classification requirements. In that context, there is no need to assess the main business activity of entities that are not eligible for, or choose not to use, the fair value option in IAS 28 because the related income and expenses will always be classified in the investing category.</p>
<p><i>2. Effect on paragraph 19 of IAS 28</i></p> <p>A few respondents expressed concern that the proposed amendments to the fair value option would affect the application of paragraph 19 of IAS 28</p>	<p><i>No changes proposed</i></p> <p>In developing the amendment to the fair value option, the IASB did not change the way in which paragraph 19 of IAS 28 is applied. We note that</p>

Comment	Staff analysis and recommendations
<p><i>Investments in Associates and Joint Ventures.</i> This requirement permits an entity to measure a portion of its investment in an associate using the fair value option if that portion is held indirectly through particular entities. They said that some insurers apply this requirement, for example, when an investment in associate is held across different insurance businesses, such as life insurance and non-life insurance businesses. In their view, this accounting would no longer be permissible because the measurement method would need to be applied consistently at the level of the associate.</p> <p>They suggested the IASB clarify the transition requirements and explicitly allow grandfathering for existing investments for which paragraph 19 of IFRS 18 is applied.</p>	<p>the fair value option is applied at the level of the entity holding the investment, and not to the investment in associate as a whole. Therefore, if an investment in associate is held indirectly through two subsidiaries that are both eligible to apply the fair value option, each subsidiary can elect whether to use the fair value option. The measurement remains unchanged in the consolidated group financial statements (see also paragraphs 26–29 of this paper for our analysis on indirectly held investments in associates).</p>
<p><i>3. Further guidance and additional disclosures</i></p> <p>A few respondents suggested that the IASB provide further guidance on how the fair value option should be applied in various scenarios. For example, a few respondents suggested that the IASB:</p> <ul style="list-style-type: none"> (a) retain the example of an ‘investment-linked insurance fund’ and provide further examples of ‘similar entities’; 	<p><i>No changes proposed</i></p> <p>We think that the proposed amendments are sufficient in resolving stakeholders’ concerns. In light of the urgent nature of this project, we do not recommend that the IASB take any further actions as part of this project.</p>

Comment	Staff analysis and recommendations
<p>(b) define ‘venture capital organisation’; and</p> <p>(c) explain whether, and if so how, a ‘venture capital organisation’ differs from an investment entity as defined in paragraph 27 of IFRS 10 <i>Consolidated Financial Statements</i>.</p> <p>A few standard-setters and accountants suggested that the IASB develop disclosure requirements requiring an entity to disclose:</p> <p>(a) whether it has elected the fair value option for any of its investment in associates; and</p> <p>(b) the basis for that election.</p>	
<p><i>4. Develop a principles-based approach</i></p> <p>A few respondents suggested that the IASB develop a more principle-based approach for using the fair value option. For example, they said that, in their view, whether an entity is eligible to use the fair value option should depend on whether the investment in associate is managed on a fair value basis. These respondents recognised that such an approach would not be completed in time for the effective date of IFRS 18 and therefore suggested that this could be undertaken as a separate project.</p>	<p><i>No changes proposed</i></p> <p>In light of the urgent nature of this project, we do not recommend that the IASB take any actions as part of this project. We think the IASB could explore this matter, together with an unrestricted fair value option, as part of its future work plan priorities.</p>

Comment	Staff analysis and recommendations
<p><i>5. Other IFRS 18 matters</i></p> <p>Some respondents commented on matters related to IFRS 18 that are outside the scope of this project. For example, a few respondents suggested that the IASB:</p> <ul style="list-style-type: none"> (a) develop additional application guidance to determine whether an entity invests in assets as a main business activity; and (b) amend paragraph 55 of IFRS 18 to permit entities with a main business activity of investing in assets to classify related income and expenses in the operating category regardless of the measurement method. 	<p><i>No changes proposed</i></p> <p>In our view, these matters are outside the scope of this project because they relate to requirements and application guidance in IFRS 18. Therefore, we do not recommend the IASB undertake any actions as part of this project.</p>
<p><i>6. Other matters on the equity method of accounting</i></p> <p>A few respondents commented on matters related to the equity method of accounting that are outside the scope of this project. In particular, respondents suggested that the IASB clarify whether the equity method is a one-line consolidation or a measurement approach.</p>	<p><i>No changes proposed</i></p> <p>These matters are outside the scope of this project because they relate the application of the equity method of accounting. Therefore, we do not recommend the IASB undertake any actions as part of this project.</p>

Appendix C—Feedback from outreach activities

- C1. In addition to feedback through comment letters, we obtained feedback from the [Financial Instruments Consultative Group](#) (FICG) and the [Accounting Standards Advisory Forum](#) (ASAF) at their March 2026 meetings. The following paragraphs summarise that feedback. This feedback is generally consistent with feedback on the Exposure Draft.

Feedback from FICG members

- C2. FICG members generally supported clarifying which entities are eligible to measure investments in associates and joint ventures using the fair value option in IAS 28 *Investments in Associates and Joint Ventures*. Some FICG member specially supported aligning the fair value option in IAS 28 with the requirements in IFRS 18 *Presentation and Disclosure in Financial Statements* to avoid different interpretations about the relationship between the requirements in IAS 28 and IFRS 18.
- C3. FICG members generally agreed that the proposed amendments would be an appropriate and timely solution to resolve the lack of clarity reported by stakeholders. However, some FICG members suggested that the IASB explore whether to extend the fair value option to all entities as part of a future agenda consultation. Another FICG member said that they were not aware of any significant demand for an unrestricted fair value option in their jurisdiction.

Feedback from ASAF members

- C4. Most ASAF members agreed that the proposed amendments would be an appropriate and timely solution to the diversity in practice reported by stakeholders. In particular,

ASAF members expressed support for the IASB's proposal to finalise any amendments before the effective date of IFRS 18.²

- C5. ASAF member also generally agreed with aligning the effective date of any amendments with the effective date of IFRS 18.

Entities eligible to elect the fair value option

- C6. A few ASAF members noted that the proposed amendments broaden the scope of fair value option in IAS 28 to include entities such as banks and investment property companies, in addition to insurance entities. Another ASAF member said that, in their view, the fair value option in IAS 28 should be limited to those investments in associates and joint ventures that an entity invests in as a main business activity. A few ASAF members also said it was unclear how the proposals would apply to conglomerate entities.

Unrestricted fair value option

- C7. An ASAF member expressed support for an unrestricted fair value option in IAS 28 to enable all entities to elect to measure their investments in associates and joint ventures using the fair value option. However, another ASAF member said that proposing an unrestricted fair value option in IAS 28 as part of this urgent project could delay finalising the amendments. Most ASAF members said the IASB should explore an unrestricted fair value option in IAS 28 separately from this project.
- C8. A few ASAF members said that, although an unrestricted fair value option is available to all entities applying US generally accepted accounting practice, they were not aware of widespread use of the fair value option among those entities. One ASAF member also said that users in their jurisdiction did not express support for an unrestricted fair value option in IAS 28.

² IFRS 18 *Presentation and Disclosure in Financial Statements* is effective for annual reporting periods beginning on or after 1 January 2027.

Other comments

- C9. Some ASAF members said that, in their view, the IASB is solving a presentation issue with a measurement solution. A few of these ASAF members said that this approach was acceptable because of the urgent nature of the amendments. However, another ASAF member disagreed with this approach, particularly the reference to IFRS 18 in IAS 28.