Meeting summary

Accounting Standards Advisory Forum

Date **1–2 October 2026**
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This document summarises a meeting of the Accounting Standards Advisory Forum (ASAF), a group of nominated members from national organisations and regional bodies involved with accounting standard-setting. The ASAF supports the IFRS Foundation (Foundation) and the International Accounting Standards Board (IASB) in their objectives, and contributes towards the development, in the public interest, of high-quality, understandable, enforceable and globally accepted IFRS Accounting Standards.

ASAF members who attended the meeting

Region	Members
Africa	Pan African Federation of Accountants (PAFA)
Americas	Canadian Accounting Standards Board (AcSB) Financial Accounting Standards Board, United States (FASB)* Group of Latin American Accounting Standard Setters (GLASS)
Asia–Oceania (including two at large)	Accounting Regulatory Department, Ministry of Finance, China (ARD)* Accounting Standards Board of Japan (ASBJ) Australian Accounting Standards Board (AASB) and External Reporting Board, New Zealand (XRB), referred together as AASB/XRB Saudi Organization for Chartered and Professional Accountants (SOCPA)* Asian-Oceanian Standard-Setters Group (AOSSG)*
Europe (including two at large)	Accounting Standards Committee of Germany (ASCG) Autorité des Normes Comptables, France (ANC) Organismo Italiano di Contabilità, Italy (OIC)* UK Endorsement Board (UKEB) EFRAG

* Remote participation by videoconference for some sessions.

Amortised Cost Measurement

Purpose of the session

1. The purpose of this session was to provide ASAF members with an overview of the IASB's tentative decisions and to obtain ASAF members' input on potential solutions for measuring financial liabilities that arise from contingent settlement provisions. The discussion focused on:

   (a) re-estimation of contractual cash flows;

   (b) modification of financial instruments; and

   (c) measurement of financial liabilities arising from contingent settlement provisions.

Summary of the feedback

Re-estimation of contractual cash flows

2. ASAF members supported the IASB's tentative decision to clarify paragraph B5.4.5 of IFRS 9 *Financial Instruments* by replacing the assessment of whether a change in expected contractual cash flows reflects movements in market rates of interest with an assessment of whether such a change represents consideration for the time value of money or credit risk.

3. Some ASAF members suggested the IASB provide application guidance and illustrative examples to help entities to distinguish changes that represent consideration for the time value of money or credit risk from changes arising from other factors. Members also suggested that guidance would be useful for situations in which changes arise from several factors.

4. The AOSSG representative suggested that the IASB also clarify the accounting for changes in contractual interest rates arising from laws or regulations instead of from existing contractual terms.

Modification of financial instruments

5. ASAF members broadly supported the IASB's tentative decisions to clarify what constitutes a modification of a financial instrument and to introduce a multi-factor approach for assessing whether a modification of a financial assets or a financial liability is substantial and results in derecognition.

6. In particular, ASAF members supported the principle-based approach, which combines qualitative and quantitative factors to assess whether a modification results in derecognition. They said that, because the approach will apply across a wide range of financial assets, financial liabilities, entities and jurisdictions, it should allow for application of judgement while providing appropriate safeguards.

7. However, they expressed mixed views on the positioning of the 10% test within this approach. Specifically:

   (a) many members supported the IASB's tentative decision that the test could supplement the qualitative analysis but cannot be the decisive factor in isolation. They observed that the test is arbitrary, can produce outcomes that do not reflect the economic substance of a modification and can be costly to apply and audit.

   (b) a few members, including the AcSB and ASBJ representatives, suggested that the test retain a more decisive role because it provides quantitative evidence that a modification is substantial. They noted that entities currently use the test to determine whether a modified financial liability is derecognised and, therefore, the IASB's tentative decision could result in a significant change in practice.

8. The FASB representative reported that feedback from preparers and users of financial statements prepared under US generally accepted accounting principles (US GAAP) indicates that the costs of applying the 10% test outweigh the benefits of the resulting information. Those users of financial statements (users) generally find derecognition accounting more useful if contractual cash flows change because it provides information about the resulting gain or loss. Under US GAAP, a non-substantial modification typically results in no gain or loss, with the effective interest

rate revised prospectively. The FASB is therefore considering proposals whereby any change in the timing or amount of contractual cash flows would result in derecognition of a financial liability. These proposals could increase divergence between IFRS Accounting Standards and US GAAP.

9. In a discussion of qualitative factors:

   (a) some members suggested refining the qualitative factors to avoid treating ordinary commercial renegotiations as substantial modifications. Examples raised included changes arising from routine repricing negotiations or early repayment options.

   (b) the UKEB representative suggested the IASB clarify the implications of 'novations' and what is meant by the phrase 'common control' in the context of the factor that analyses whether a modification involves a change in the borrower, suggesting a modification is substantial.

   (c) the PAFA representative suggested adding a factor to analyse whether a modification involves removing a guarantor, suggesting that such a modification is substantial.

10. Some ASAF members requested clarification of how the proposed modification requirements would interact with the impairment and derecognition requirements in IFRS 9.

Measuring financial liabilities arising from contingent settlement provisions

11. Most ASAF members supported measuring financial liabilities arising from contingent settlement provisions at an amount that is not less than the transaction price of the financial instrument (transaction price approach). They said that such an approach:

   (a) provides a practical and objective approach to measuring financial liability arising from a contingent settlement provision;

   (b) is consistent with existing measurement requirements in IFRS 9; and

(c) responds to the challenges identified with the approach that the IASB previously proposed in the Exposure Draft *Financial Instruments with Characteristics of Equity*.

12. However, some ASAF members supported an alternative approach that would involve measuring financial liabilities arising from contingent settlement provisions at an amount that reflects the entity's expectation of the probability and expected timing of the contingent event occurring. In their view, such an approach is more consistent with the amortised cost measurement requirements in IFRS 9. They also said that this approach would avoid overstating the liability if the probability of the contingent event is negligible.

13. The FASB representative said that users of financial statements prepared applying US GAAP have reported that fair value measurement of highly subjective or remote contingent features does not provide useful information. The FASB representative also noted that the alternative approach might require preparers to perform costly probability assessments to provide information that might not be useful to users.

14. Many ASAF members suggested the IASB consider the need for enhanced disclosures about the nature, timing and potential settlement amount of the financial liability.

15. Some ASAF members also asked the IASB to ensure stakeholders, especially preparers, have sufficient time to consider the effects of any proposed new requirements. In particular, they suggested the IASB consider how the transition requirements for this project might interact with those related to the Financial Instruments with Characteristics of Equity project as these amendments could significantly affect the capital base of some entities such as banks.

Next steps

16. The IASB will consider feedback from ASAF members and other stakeholders in developing the proposed amendments to IFRS 9.

Provisions—Targeted Improvements

Purpose of the session

17. The purpose of this session was to obtain ASAF members' input on possible application requirements for levies that the IASB had previously tentatively decided to add to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

18. The questions for the ASAF focused on whether the requirements would have any major unintended consequences.

Summary of the feedback

General comments

19. A few ASAF members said the possible application requirements improve the proposals in the Exposure Draft. These members included:

    (a) the ANC and EFRAG representatives, who said the possible application requirements would result in better outcomes for some levies;

    (b) the AcSB representative, who said the possible application requirements provide more helpful examples and clearer guidance, particularly for property taxes in their jurisdiction; and

    (c) the SOCPA representative, who said the examples are clear, while noting that their fact patterns might not be as complex as those found in practice.

20. The ASCG, EFRAG and PAFA representatives said the possible application requirements would leave the accounting for many levies unchanged. Furthermore:

    (a) the EFRAG representative said that, although some of EFRAG's members were satisfied with this outcome, others would prefer requirements that allowed over-time recognition for more levies—for example, the Single Resolution Fund levy in the European Union and a property tax in the Netherlands;

    (b) the PAFA representative said the feedback the PAFA had received showed that the change would not be enormously disruptive, although some entities might not have fully appreciated the implications; and

(c) the ASCG representative questioned whether standard-setting is needed as a result.

21. The OIC representative acknowledged that the possible application requirements improved the Exposure Draft proposals but expressed concern that the costs of change (greater judgement) could exceed the benefits. The representative noted that although IFRIC 21 *Levies* is not perfect, it is consistently applied.

22. The EFRAG representative noted that a small group of EFRAG's members would also prefer to retain IFRIC 21.

Comments on aspects of the possible application requirements

23. The ASBJ and UKEB representatives expressed concern about relying on a government's intention or stated policy objective, which might not always be openly or clearly expressed.

24. The ASBJ representative expressed concern about an approach in which the accounting depends on only one aspect of levy legislation (the required activity that best reflects the activity the government is seeking to levy). The representative said this approach would be inconsistent with requirements in other IFRS Accounting Standards, which require an entity to consider all relevant facts and circumstances.

25. The ANC representative commented on some changes suggested by stakeholders during the IASB's targeted consultation, disagreeing with the suggestions:

(a) to require disclosure of the rationale underpinning managements' conclusions. The representative noted that the rationale would not be entity specific.

(b) to generalise the 'best reflects' requirement for levies so it would apply to any obligation within the scope of IAS 37. The representative said generalising the requirement could risk unintended consequences.

26. The ANC representative also expressed reservations about the view expressed in Agenda Paper 2 *Levies—Application requirements* that the application requirements for levies would provide an appropriate basis for recognising a provision for other charges. The representative suggested restricting the scope of the possible

application requirements to levies and deferring any consideration of extending it to a later stage.

Examples of levies

27. The UKEB representative said that levies are becoming more prevalent, both in their jurisdiction and elsewhere, as a means for governments to raise revenue. The ASBJ representative emphasised the importance of making the possible application requirements 'future-proof'.

28. A few ASAF members emphasised the importance of ensuring that entities subject to the same levy account for that levy consistently. In the discussion:

    (a) the AOSSG representative expressed concern from some of AOSSG's members that this consistency would not be achieved;

    (b) the ANC and ARD representatives suggested the IASB explicitly state its expectation that entities subject to the same levy account for that levy consistently;

    (c) the AASB/XRB representative said that, although the AASB and XRB have concerns with potential diversity in practice, they expect entities subject to the same levy to eventually agree on the same accounting; and

    (d) the GLASS representative emphasised the importance of cooperation between standard-setters and securities regulators, both at the jurisdictional and regional levels, to ensure consistency in practice.

29. A few ASAF members gave examples of levies for which they have concerns that the possible application requirements could cause diversity in practice. These members included:

    (a) the AcSB representative, who described a levy charged on activity above a minimum threshold but below a maximum threshold. The representative suggested adding an example illustrating such a levy.

    (b) the AOSSG representative, who described a bank levy in Bangladesh, a foreign-worker levy in Malaysia and a public-contribution levy relating to

construction projects in South Korea. The representative conveyed concerns about potential diversity in practice for those levies.

(c) the SOCPA representative, who described levies imposed on buildings vacant for a specified number of months. The representative cited potential difficulty in estimating and auditing the required provision.

(d) the UKEB representative, who described a packaging levy, for which they said two preparers had reached different conclusions when applying the possible application requirements.

Unintended consequences

30. A few ASAF members commented on whether they have identified any other unintended consequences arising from the possible application requirements. Specifically:

(a) the AcSB representative said the AcSB has not identified any major unintended consequences;

(b) the PAFA representative said there could be unintended consequences for other types of provisions to which other requirements in IAS 37 apply; and

(c) the UKEB representative said there could be unintended consequences:

(i) on other provisions, particularly because the requirements grant more discretion on the timing of recognition;

(ii) on other related areas, including pollutant pricing mechanisms and environmental charges; and

(d) for the IASB's project on Presentation of Taxes that are not Income Taxes, which proposes to amend IFRS 18 *Presentation and Disclosure in Financial Statements*.

Other comments

31. The FASB representative said the possible application requirements are broadly consistent with the requirements in US GAAP. However, the representative warned that the new application requirements might need to be amended if the IASB

undertakes a project on pollutant pricing mechanisms and said two successive changes could impose undue cost on the financial reporting system.

Next steps

32. The IASB will consider ASAF members' input as it continues its discussions on possible application requirements for levies.

Intangible Assets

Purpose of the session

33. The purpose of the session was to introduce ASAF members to the model the IASB is developing for customer accounting for intellectual property (IP) licensing contracts based on the cloud computing test case, including contracts commonly known as software as a service (SaaS) contracts.

Summary of the feedback

34. Some ASAF members supported the IASB exploring customer accounting for IP licensing contracts and basing the model on analysing the rights and obligations in a contract. However, almost all ASAF members expressed some degree of concern about the IASB's approach to the work and various aspects of the suggested model, including some areas for which further clarification was needed. The discussion focused on:

    (a) the scope and timing of the IASB's work;

    (b) the suggested model, including its clarity and understandability, suggested outcomes and specific aspects; and

    (c) how the suggested model could be included in IAS 38 *Intangible Assets*.

Scope and timing of the IASB's work

35. Most ASAF members said that the model seems to focus on solving SaaS-related issues and were concerned about the perceived piecemeal approach to the Intangible Assets project. Specifically:

(a) the AASB/XRB, AcSB, ASBJ, ASCG, GLASS, PAFA, SOCPA and UKEB representatives asked how the principles developed for the SaaS test case would apply to a broader range of intangible assets. Several representatives, including the UKEB representative, cautioned against developing solutions tailored to specific transaction types and encouraged the IASB to focus on principles capable of being applied consistently across a broad range of intangible assets. They asked the IASB for wider testing of the model, including for traditional forms of IP, such as media and books; newer types of intangible assets, such as artificial intelligence (AI) models operated by the supplier; and other transactions, such as mobile phone contracts or services rendered by employees.

(b) the ASBJ, FASB and OIC representatives questioned whether it is possible to develop a single model given the wide range of intangible assets covered by IAS 38. For example, the FASB representative said that a model for IP licensing will not solve issues faced by entities developing internally generated assets.

(c) the ASCG, PAFA, SOCPA and UKEB representatives commented on whether, and if so why, different principles would apply to tangible or intangible assets in considering an entity's rights over an underlying item. Specifically, the PAFA and UKEB representatives said that the principles for accounting for assets should reflect how an entity uses an item and generates value from it, rather than being determined primarily by whether the item is tangible or intangible or by the legal form of contractual rights. However, the ASCG representative cautioned against using the same accounting treatment for tangible and intangible items.

36. The AcSB, ASBJ, ASCG, OIC, SOCPA and UKEB representatives highlighted the importance of developing timely solutions. In addition:

(a) the ASCG and SOCPA representatives said that simpler, quick solutions could be preferable to those that are conceptually well-grounded yet time-consuming;

(b) the AcSB representative urged the IASB not to delay disclosure improvements by spending time developing solutions for historically complex issues, such as determining the unit of account; and

(c) the ASBJ representative suggested prioritising newer intangible assets that did not exist when IAS 38 was developed.

37. In response to these concerns and suggestions, an IASB member explained that SaaS contracts are being used as a test case to develop a principle-based, future-ready model and not to solve specific issues related to SaaS contracts. They said the model would next be tested against other types of intangible assets before the IASB decides on its next steps in early 2027.

Comments on the suggested model itself

Clarity and understandability of the suggested model

38. The ANC, AcSB, ASCG and SOCPA representatives said the model was difficult to understand, whereas the EFRAG representative reported mixed stakeholder views about whether the model and fact patterns were too simple or too complex. The AcSB, ANC and AASB/XRB representatives emphasised the need to refine the conceptual explanations underpinning the model and not underestimate the educational effort required to help stakeholders to understand the suggested model. The ASCG and EFRAG representatives asked the IASB to consider whether intended outcomes (expensing through the income statement) could be achieved by introducing simpler requirements instead of a complex model.

Suggested outcomes

39. The ANC, AOSSG, ARD, OIC and UKEB representatives broadly supported the suggested outcomes of the model for SaaS contracts, including the suggested accounting for rights to access IP obtained over time and the treatment of configuration and customisation costs. However, the AASB/XRB representative asked why economically similar activities could result in different accounting outcomes depending on the delivery model.

40. A few ASAF members provided specific comments about the usefulness of the information resulting from the suggested model. For example, the GLASS representative reported concerns from a limited number of equity analysts about the usefulness of the resulting information for forecasting. The EFRAG representative said that, to meet the needs of users, the IASB could require specific disclosures about rights to access IP obtained over time.

Comments on specific aspects of the model

41. The ANC, AOSSG, ARD and SOCPA representatives said the boundary between a right to access IP obtained over time and a right to receive a service could be difficult to apply. In response, the ARD representative suggested considering additional indicators to help to distinguish between these rights, including which party decides how and when the IP is used and which party manages end users.

42. Some ASAF members expressed concerns about the model's basis in the principles of IFRS 15 *Revenue from Contracts with Customers*. In particular:

    (a) the ASBJ, EFRAG and GLASS representatives questioned whether the customer's accounting for IP licensing contracts should mirror that of the supplier. The GLASS representative suggested the IASB clarify that the model would not change suppliers' accounting applying IFRS 15, while the ASBJ representative said that a customer would need to consider all facts and circumstances, not just factors similar to those in IFRS 15, when determining rights and control of those rights.

    (b) the SOCPA and GLASS representatives commented on the terminology, with the GLASS representative specifically saying the differences between the terminology used for rights in the suggested model and that used in IFRS 15 might create confusion.

43. The EFRAG representative reported that some of their stakeholders said that the underlying item in software licensing arrangements is a copy of the IP, not the IP itself, because a copy of the IP could be enhanced and therefore have additional value. The ASCG representative asked the IASB to consider whether there could be

implications on the rights the customer obtains if the supplier customises IP for the exclusive use of the customer.

44. The AASB/XRB, AcSB and ASCG representatives asked the IASB to consider how the model would apply as SaaS and IP licensing arrangements evolve, including arrangements with pay-per-use or token-based pricing and AI functionality.

45. The AASB/XRB and PAFA representatives suggested considering alignment with IFRS 16 *Leases*, while recognising that many SaaS contracts are shorter than conventional leases.

Embedding the suggested model into IAS 38

46. The AOSSG representative questioned how the model could be included in IAS 38 and emphasised the need to consider costs and benefits.

Next steps

47. The IASB will seek views from its consultative groups on the implications of the model. At its next meeting, the ASAF will be asked to consider how the model applies to a broader range of intangible assets and will discuss the agile software development test case. The IASB expects to consider the collective feedback and decide on the way forward for the test cases-based work stream in early 2027.

Statement of Cash Flows and Related Matters

Purpose of the session

48. The purpose of this session was:

    (a) to provide ASAF members with an overview of ideas about how to scope an exemption for financial institutions from some or all of the requirements for presenting a statement of cash flows; and

    (b) to seek ASAF members' views regarding:

        (i) the approach for determining the financial institutions that should qualify for an exemption;

        (ii) the mechanisms for defining the scope of an exemption; and

(iii) the potential unintended consequences for users and preparers of financial statements of conglomerates applying an exemption, and how those consequences should be addressed.

Summary of the feedback

Determining who should qualify for an exemption

49. Many ASAF members agreed with the identified reasons why the statement of cash flows of retail and commercial banks and insurance companies is less useful compared to other entities. Most ASAF members also identified additional reasons, including:

(a) the GLASS representative, who said that the items classed as cash and cash equivalents by banks and insurance companies can change depending on the requirements of central banks in their region, which makes it difficult to compare the statement of cash flows of banks and insurance companies with those of other entities;

(b) the ANC representative, who said the requirement for entities to classify activities between operating and investing makes it difficult to understand the cash flows arising from activities that are essential to an insurance company's business; and

(c) the UKEB representative, who said life insurance companies' statement of cash flows is less useful because they are required to present cash flows arising from unit linked contracts as cash flows arising from operating activities, despite these cash flows not being directly linked to their performance.

50. Most ASAF members agreed that the IASB should determine which financial institutions should qualify for an exemption based on their business activities and not based on whether they are regulated. Many of these ASAF members identified reasons why regulation would be unsuitable for this purpose. These reasons included that regulation:

(a) can vary by jurisdiction;

(b) can apply to broad range of different financial institutions; and

(c) can change independently of the IASB's due process.

51. The AASB/XRB and ASBJ representatives said that using a financial institution's business activities to determine if it qualifies for an exemption would avoid the exemption being industry specific. The ASCG representative said the IASB could reduce the perception that the exemption is industry specific by avoiding using the terms 'bank' and 'insurance company'.

52. Some of the ASAF members who agreed that a financial institution's business activities should determine if it qualifies for an exemption said regulation should still be used as an additional factor to identify these entities. Similarly, the ASCG representative said a financial institution's business activities, and whether it is regulated, should both be used to determine if it qualifies for an exemption. The representative said the IASB should avoid trying to describe a financial institution's business activities precisely because the scope of any exemption is likely to be influenced by existing local legislation, which applies to financial institutions based on their business activities.

53. In contrast, the UKEB and PAFA representatives disagreed with using a financial institution's business activities to determine if it qualifies for an exemption. Both representatives raised concerns that such a scope could result in the exemption being applied too broadly by different types of entities. The UKEB representative said a financial institution should qualify for an exemption if it is prudentially regulated and explained that this would link with users of banks' and insurers' financial statements being interested in regulatory metrics. The representative also said that the scope of an exemption should avoid creating any long-term loopholes. The PAFA representative said that because an exemption would create a rule for whether entities present a statement of cash flows, a rule should be used to determine which entities qualify for the exemption.

54. The AASB/XRB, ANC and ARD representatives said that because exempting an entity from presenting a statement of cash flows is a significant change, the IASB's decision to do so needs to be well thought through. The AASB/XRB representative

said the statement's limited usefulness does not alone justify an exemption. The ARD representative said it would be difficult for the IASB to reverse any exemption once introduced.

Mechanisms for defining the scope of an exemption

55. Many ASAF members supported defining the scope of an exemption using requirements and terms from IFRS Accounting Standards where possible. The AOSSG and GLASS representatives supported defining the scope using a multi-factor approach.

56. The AOSSG and EFRAG representatives provided examples of requirements in IFRS Accounting Standards that could be adapted for the purpose of defining the scope. These included:

    (a) the requirements in IFRS 4 *Insurance Contracts* for an entity to assess whether its activities are predominantly connected with insurance; and

    (b) the requirements in IFRS 18 *Presentation and Disclosure in Financial Statements* for an entity to assess whether it invests in assets or provides financing to customers as a main business activity.

57. The AcSB representative raised concerns about basing an exemption on requirements in IFRS 4 and IFRS 18 because of the difficulties preparers had implementing these requirements. The UKEB representative also raised concerns about basing an exemption on requirements in IFRS 4 because these requirements were developed to be temporary, whereas any exemption would be permanent.

58. ASAF members raised concerns about defining the scope of an exemption by referring to externally developed requirements and terms. The GLASS representative raised concerns about referring to the Global Industry Classification Standard (GICS®) because it can change independently of the IASB's due process. Similarly, the UKEB representative raised concerns about GICS because an entity's activities can change over time. The GLASS representative also raised concerns about referring to the Basel Framework because it is not used in all jurisdictions. Similarly, the AOSSG and ASCG representatives said referring to the Basel Framework could

create jurisdictional differences because how jurisdictions implement the framework varies.

59. In contrast, the UKEB and PAFA representatives supported defining the scope of an exemption by referring to prudential regulation. The UKEB representative said referring to prudential regulation links with users of banks and insurance companies' financial statements being more interested in the solvency and liquidity of these entities than their cash flows.

Risks presented by conglomerates

60. Some ASAF members supported conglomerates being within the scope of an exemption only if their non-banking and non-insurance activities are minimal. These ASAF members agreed a high threshold for conglomerates is necessary to reduce the risk that entities would not present cash flow information in situations in which it would be useful. The GLASS and UKEB representatives raised concerns that a threshold might create an incentive for entities to change their structure to be eligible to apply an exemption.

61. Many ASAF members commented on whether requiring conglomerates to present segmental cash flow information could reduce the risk that these entities do not present useful cash information. The ASBJ and UKEB representatives supported requiring entities to present some segmental cash flow information if they undertake non-banking and non-insurance activities. The UKEB representative suggested such a requirement could safeguard against the exemption being applied too broadly. The AcSB, ASCG and PAFA representatives raised concerns it could be costly and complicated for entities to present segmental cash flow information. However, the ASCG representative said that some conglomerates in their jurisdiction voluntarily present this information in their financial statements.

Next steps

62. The IASB will consider the feedback from ASAF members later in 2026 when it considers how to scope a possible exemption for financial institutions from some or all of the requirements for presenting a statement of cash flows.

AcSB's project on business combinations

63. The purpose of this session was for the AcSB to provide ASAF members with a summary of their research on exploring the effectiveness and usefulness of IFRS 3 *Business Combinations*. ASAF members asked clarifying questions and shared some initial views on the research.

Risk Mitigation Accounting

Purpose of the session

64. The purpose of this session was to confirm to ASAF members that common feedback themes gathered through stakeholder-engagement activities to date had not changed compared to those presented in July 2026.

65. In addition, the staff sought input from ASAF members on several matters, including:

    (a) the level of engagement by entities in their jurisdictions or regions that still apply IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting requirements;

    (b) the progress of comment letters preparation and the results of fieldwork in their jurisdictions or regions; and

    (c) any new insights emerging from the latest fieldwork.

Summary of the feedback

66. Many ASAF members expressed support for the overall objective of the Risk Mitigation Accounting (RMA) project, namely to better reflect entities' risk management activities in financial statements. They welcomed the IASB's stakeholder-engagement activities, which greatly enhanced stakeholders' understanding of the proposals and the rationale behind them.

67. The ANC, AOSSG, ASBJ, EFRAG, GLASS, PAFA and UKEB representatives confirmed that the key issues identified in their jurisdictions or regions are broadly consistent with those outlined in Agenda Paper 6 *Common feedback themes on the Exposure Draft*. Many ASAF members provided further insights into these common

feedback themes and explained why preparers find the current proposals challenging and potentially capable of giving rise to unintended outcomes.

68. Some ASAF members also identified additional topics that were frequently discussed in their jurisdictions or regions, including:

(a) the perceived operational complexity of the RMA model, which might require significant investment in new systems and involve large costs;

(b) the possibility of significant volatility in profit or loss in some cases due to so-called 'temporary over-hedging', particularly compared to the more relaxed requirements in the IAS 39 carve-out;

(c) a perceived mismatch within other comprehensive income for the insurance industry, particularly if assets are measured at fair value through other comprehensive income;

(d) concerns about whether the proposed model would operate effectively in insurance contexts, including difficulties arising from the relationship between the RMA proposals and the locked-in discount rate used in measuring the contractual service margin in accordance with IFRS 17;

(e) the challenges faced by entities that manage several risks simultaneously (for example, interest rate and foreign currency risk); and

(f) the role of future margins in the RMA excess test.

69. The AcSB, ANC, ASBJ, EFRAG, GLASS, OIC and the UKEB representatives reported that fieldwork is under way in their jurisdictions, with participation from large financial institutions. They noted that the fieldwork has proven valuable in assessing whether the proposals are workable and in identifying potential areas for improvement.

70. Regarding transition and the withdrawal of IAS 39, there was broad support from ASAF members for eventually withdrawing IAS 39, provided that a workable replacement is created and adequate transition arrangements are in place. Some ASAF members noted that many banks continue to apply IAS 39 hedge accounting requirements, but that those entities are generally aware of the project.

71. The EFRAG and the UKEB representatives confirmed that they do not regard the IAS 39 carve-out as a viable alternative to the RMA model. Consequently, they see no need for a period of parallel operation of the two approaches.

72. Some ASAF members commented that the proposals might change significantly following field testing and therefore they anticipate that re-exposure might be necessary. These members also expressed concerns that uncertainty about possible re-exposure could affect ongoing fieldwork. An IASB member explained that the IASB's due process focuses on whether re-exposure would generate genuinely new information, and not on whether the proposed changes are significant in isolation.

73. During the discussion, an IASB member noted the different objectives of financial reporting and prudential regulation and asked ASAF members to clarify why entities think of over-hedging as temporary and what evidence they have regarding the speed and extent of its reversal.

74. IASB members confirmed that the IASB is actively considering many of the concerns raised and emphasised the importance of obtaining detailed evidence on situations in which the model works and those in which it does not. They also reiterated that the objective remains to develop a model that provides useful information while fitting appropriately within the financial statements.

Next steps

75. The IASB will continue stakeholder-engagement activities during the remaining comment period to better understand stakeholders' areas of particular concern and to answer questions on the proposed requirements.

Accounting for cryptocurrencies

76. The ASBJ and FASB representatives and a representative from the Mexican national standard-setter, Consejo Mexicano de Normas de Información Financiera y de Sostenibilidad, presented requirements on the accounting for cryptocurrencies in their respective jurisdictional accounting frameworks.

77. IASB members and technical staff and ASAF members asked clarifying questions and shared their perspectives.

IASB technical update

78. ASAF members received a brief update on the IASB's workplan, including the projects on:

    (a) Business Combinations—Disclosures, Goodwill and Impairment; and

    (b) Presentation of Taxes or Other Charges that Are Not Tax Expense or Tax Income Applying IAS 12 *Income Taxes*.

Agenda planning and feedback from previous ASAF meetings

79. ASAF members discussed topics for the next ASAF meeting, which is scheduled for 30 November–1 December 2026. Participants agreed the meeting should include discussion of the IASB's:

    (a) Post-implementation Review of IFRS 9—Hedge Accounting;

    (b) project on Financial Instruments with Characteristics of Equity;

    (c) project on Intangible Assets;

    (d) project on Statement of Cash Flows and Related Matters;

    (e) project on Business Combinations—Disclosures, Goodwill and Impairment; and

    (f) project on Equity Method.

80. Some ASAF members shared comments about the proposed agenda topics for the next ASAF meeting and suggested additional topics for discussion, including:

    (a) connectivity between sustainability-related financial disclosures and financial statements;

    (b) accounting for Shariah-compliant instruments; and

    (c) interactions between Risk Mitigation Accounting and the hedge accounting requirements in IFRS 9 *Financial Instruments*.