Risk Mitigation Accounting

Request for fieldwork

These instructions have been prepared by staff of the IFRS Foundation and do not represent the views of the International Accounting Standards Board (IASB) or any individual member of the IASB. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards.

Introduction

The International Accounting Standards Board (IASB) published the Exposure Draft *Risk Mitigation Accounting* with a 240-day comment period ending on 31 July 2026. The Exposure Draft proposes requirements for a new risk mitigation accounting model that is neither a fair value hedge accounting model nor a cash flow hedge accounting model. Risk mitigation accounting aims to faithfully represent in the financial statements the effects of a company's repricing risk management activities.

Fieldwork is an important part of the IASB's due process, and supplements the information received by the IASB through the formal comment letter process and other forms of stakeholder engagement. In addition to inviting comments on the proposals in the Exposure Draft, the IASB is also inviting companies who manage repricing risk on a net basis to carry out fieldwork during the comment period to assess the likely effects of the proposed risk mitigation accounting model and to answer the questions in Sections A–E of this document.

The objective of the fieldwork is to determine whether the proposed requirements would achieve the IASB's objectives as stated in the Exposure Draft. This determination includes assessing the proposal to replace the requirements in IAS 39 *Financial Instruments: Recognition and Measurement* for macro hedge accounting with the requirements in the Exposure Draft. The fieldwork will help the IASB assess:

- how the proposed requirements could be applied in practice;
- whether more application guidance may be required;

- what costs and operational challenges the proposals would create; and
- how the proposed approach will help companies communicate the effects of their repricing risk management activities to users of their financial statements.

Companies that issue insurance contracts

Companies that issue insurance contracts as defined in IFRS 17 *Insurance Contracts* are asked in particular to respond to Question 11 of the invitation to comment on the Exposure Draft, under the assumption that insurance contract assets and liabilities are eligible to be included in underlying portfolios for the purpose of risk mitigation accounting in accordance with paragraph 7.2.1 of the Exposure Draft. Such companies are encouraged to participate in the fieldwork, under the same assumption.

Key considerations for participants

Inherent limitations of the fieldwork

The IASB is aware that companies might be in varying stages of preparation to test the proposed requirements and that some might be constrained by the time and resources available.

Companies do not need to respond to all fieldwork questions or perform extensive analysis.

They need to consider only information that is:

- consistent with the information currently being used to make risk management decisions; and
- reasonably available without undue cost or effort.

The IASB does not intend the fieldwork to be resource intensive or as precise as the process for preparing financial statements or performing a regulatory stress test. Companies can therefore make use of approximations or simplifications when collecting data and applying the proposed requirements to respond to the fieldwork. They may need to adjust or modify their actual data and processes to estimate the results of applying the model.

The IASB will consider the results of the fieldwork and the responses to the questions on the application of the proposed requirements in the context of these limitations. Despite these

limitations, the feedback from the fieldwork will be a valuable resource to the IASB during its redeliberation on the proposals. Input from a broad range of companies assessing individually whether the proposed risk mitigation accounting model is compatible with their risk management practices will help the IASB determine whether the proposed model achieves the objectives as stated in the Exposure Draft.

Confidentiality

Individual fieldwork results will be treated in the strictest confidence. No data from any individual participant will be released to parties other than members and staff of the IASB. Information in the summarised results will be anonymised. The summarised results of the fieldwork will be discussed by the IASB in a public meeting, together with an analysis of the comment letters received on the Exposure Draft. The summarised results will also be discussed with relevant consultative groups of the IASB and other selected interested parties.

Cost–benefit considerations

Information from fieldwork participants regarding the effects of the proposals will assist the IASB in better assessing cost–benefit considerations as well as determining the relative importance of selected proposals. Therefore, companies are asked to assess the anticipated benefits and costs (both one-time and ongoing) of implementing the proposals.

Benefits associated with new requirements might include:

- improved transparency and better information for users of financial statements;
- better representation in financial statements of the effects of how repricing risk is managed—making financial reporting outcomes easier to explain; and
- closer alignment between risk management activities and financial reporting (for example, a reduced need for proxy hedges)—increasing the credibility of financial reporting, which is critical to investor confidence.

Costs might include expenditure necessary:

- to understand the new requirements (for example training costs); and
- to collect, process and analyse new information (for example, costs associated with systems changes).

The IASB acknowledges that companies might find it easier to quantify costs than benefits. However, the IASB is of the view that there is value in trying to identify both.

Resources for the fieldwork

You can familiarise yourself with the proposals by consulting the Exposure Draft and related documents available from the project website:

- Exposure Draft *Risk Mitigation Accounting*;
- Basis for Conclusions on Exposure Draft *Risk Mitigation Accounting*;
- Illustrative Examples and Implementation Guidance on Exposure Draft *Risk Mitigation Accounting*; and
- Snapshot of the Exposure Draft *Risk Mitigation Accounting*.

The IASB might also occasionally publish webcasts or other supporting materials during the comment period to assist companies' understanding of the proposals. Any such supporting materials will also be available on the project website.

Presentation of fieldwork results

Fieldwork responses are most helpful if they are provided in a narrative form supported, where appropriate and feasible, by quantitative information. Companies are otherwise free to choose the most appropriate format to report their findings to the IASB.

Please provide the contact information of those who performed the fieldwork to discuss any questions we may have about the results.

Contact details

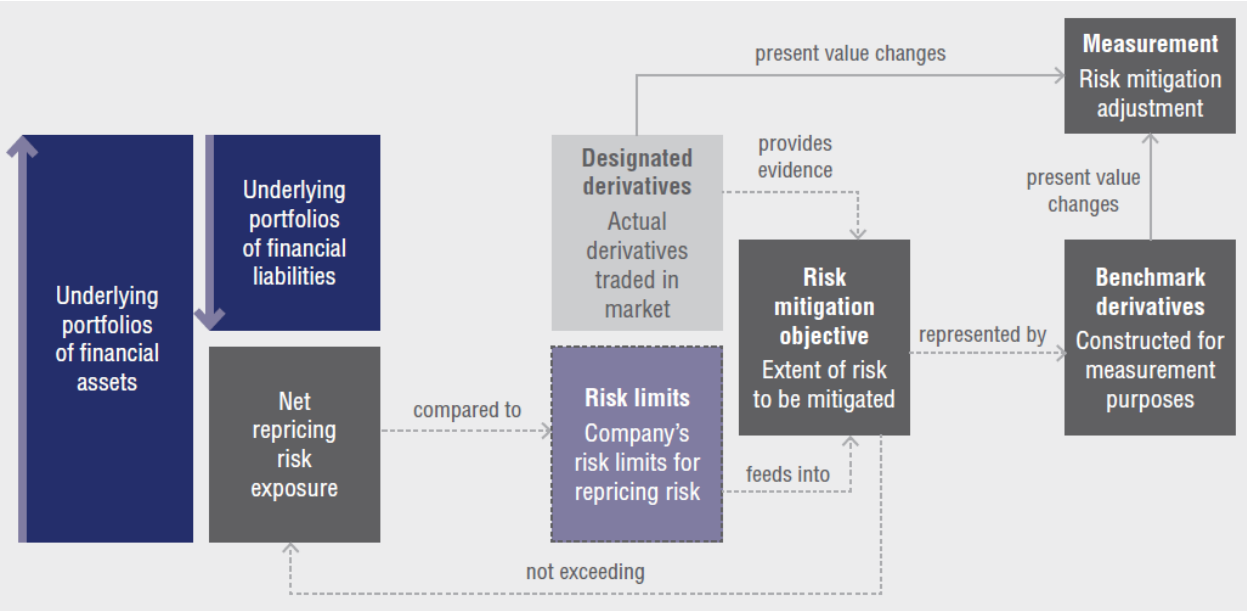
If you have any questions or experience any difficulties during the fieldwork, please contact Zhiqi Ni (zni@ifrs.org).

Fieldwork instructions

These instructions are intended to help companies to plan the scope and structure of their fieldwork activities.

Scope of risk mitigation accounting

The fieldwork is intended to cover the main elements of risk mitigation accounting as illustrated in this diagram:



Scope of fieldwork

Fieldwork responses will be most relevant to the IASB's assessment if the fieldwork:

- faithfully represents a company's risk management activities over a period of time. Companies can decide the scope of their risk management activities to include in the fieldwork and can decide whether the fieldwork should be based on a representative sample or all of their repricing risk exposures.
- applies the proposed risk mitigation accounting requirements over more than one period. Companies are free to decide the number of periods (monthly or annual) to be used and whether to carry out the fieldwork in parallel with the company's current activities or based on the company's past activities.

- applies the proposed risk mitigation accounting requirements under different scenarios. The IASB has specified some general scenarios to be considered in paragraph 4 of the fieldwork questionnaire. Companies are free to specify additional scenarios under which to carry out the fieldwork.

Results of fieldwork

The IASB invites companies to report the results of their fieldwork by answering the fieldwork questionnaire consisting of five sections:

- Section A—General company information;
- Section B—Current accounting practices;
- Section C—Basis on which fieldwork is carried out;
- Section D—Application of the proposed requirements; and
- Section E—Additional questions for companies that issue insurance contracts.

Not all questions in the questionnaire might apply to all companies. Companies should respond only to the questions that are relevant to their circumstances.

The IASB expects companies to report the preliminary results of their fieldwork as a separate response by 31 July 2026, which is the end of the comment period for the Exposure Draft *Risk Mitigation Accounting*. Final results should be reported no later than 30 November 2026.

Fieldwork questionnaire

Section A—General company information

1. Please tell us about your company:

Question	Response
Fieldwork contact information (name, phone number, and email of primary contact person)	
Name of company	
Country of incorporation	
Countries/Regions of business operation that give rise to repricing risk	
Nature of business activities that give rise to repricing risk	

Section B—Current accounting practices

2. Please explain the current accounting practices you apply to recognise the effects of your risk management activities in the financial statements, including information about whether, and to what extent, you apply:

   (a) hedge accounting. Please explain the type of hedging relationships you have, and whether you apply the hedge accounting requirements in IFRS 9 *Financial Instruments* or IAS 39. For companies that apply IFRS Accounting Standards as endorsed by the European Union, please indicate whether you apply the 'carve-out' to IAS 39.

   (b) the option to measure financial assets and financial liabilities at fair value through profit or loss in accordance with IFRS 9.

(c) the general recognition and measurement requirements in IFRS 9 coupled with economic hedging.

Section C—Basis on which fieldwork is carried out

3. Please explain the basis on which you carried out the fieldwork by applying the proposals in the Exposure Draft, including information about:

   (a) the level within the company at which you applied risk mitigation accounting for the purposes of the fieldwork, and whether this is the level at which you typically make risk management decisions;

   (b) the time horizon for which repricing risk is mitigated;

   (c) the underlying portfolios you have selected and the extent to which the repricing risk arising from these portfolios is representative of the company's net exposure to repricing risk; and

   (d) the number of periods over which you have carried out the fieldwork.

4. To assess whether applying risk mitigation accounting could provide useful information to users of financial statements, the IASB seeks to understand from the fieldwork how the proposed requirements would be applied under various scenarios. Companies are therefore requested to carry out the fieldwork using a range of scenarios (either individually or in combination), including:

   (a) significant and unexpected changes in the mitigated rate (for example, a parallel 200-basis-points increase or decrease when the market interest rate is 4%);

   (b) significant fluctuations in the risk mitigation objectives from period to period (for example, frequent changes in the extent to which repricing risk is mitigated);

   (c) significant changes in the assumptions used to determine the expected repricing dates of some types of financial instruments (for example, changes in modelled customer behaviour that leads to significant changes in the net repricing risk exposure);

(d) significant and unexpected liquidity events affecting instruments included in the underlying portfolios (for example, withdrawal of 30% of customer deposits or the need to sell a significant portion of financial assets held for liquidity purposes);

(e) significant and unexpected credit events affecting the timing and amount of the repricing (for example, default of around 15% of customer loans); and

(f) other significant and unexpected changes in the underlying portfolios such as the sale of fixed-rate assets (for example, sale of 50% of the fixed-rate mortgage portfolio).

5. Please explain the scenarios under which you have carried out the fieldwork, including any additional scenarios you used. Please explain any assumptions you have made in defining those scenarios—for example, your assumptions regarding what constitutes a significant change in mitigated rate or a significant liquidity event.

Section D—Application of the proposed requirements

Risk management activities

6. To what extent do the business and risk management characteristics described in paragraph 7.1.4 of the Exposure Draft align with how you manage repricing risk in practice? Are there other characteristics that you consider more relevant?

7. At what level within the company do you manage repricing risk on a net basis? What is the level of specificity and granularity with which the risk management strategy describes matters such as the risk limits, mitigated rate, mitigated time horizon and measures used to quantify the risk exposure?

Underlying portfolios

8. Are there any financial instruments that you include when determining the exposure to repricing risk for repricing risk management purposes, but are not eligible to be included in underlying portfolios in accordance with paragraphs 7.2.1–7.2.4 of the Exposure Draft? If so, please provide information that would enable the IASB to understand:

(a) the nature of such financial instruments and how they give rise to repricing risk;

(b) how these financial instruments are recognised and measured in the financial statements; and

(c) the potential effects that excluding these financial instruments from the underlying portfolios could have on achieving the objective of risk mitigation accounting as described in paragraph 7.1.3 of the Exposure Draft.

Recognition and measurement

9. When applying the requirements in paragraphs 7.4.8–7.4.10 of the Exposure Draft, to what extent are the results consistent with what you expected with regards to the recognition of gains or losses from designated derivatives in profit or loss? If any remaining gain or loss was recognised in profit or loss in accordance with paragraph 7.4.9 of the Exposure Draft:

(a) what were the reasons for or sources of that gain or loss; and

(b) to what extent do you consider the effect on profit or loss to be a faithful representation of the economic effects of your risk management decisions and activities? If you do not think it is a faithful representation, please explain why.

10. Based on the fieldwork carried out, do the requirements in paragraphs 7.4.11–7.4.14 of the Exposure Draft provide an appropriate basis for determining and recognising the effects of unexpected changes in the financial instruments included in underlying portfolios that might lead to the risk mitigation adjustment not being fully realised over the mitigated time horizon? To what extent do you think these requirements would lead to accounting outcomes that faithfully represent the economic effects of these unexpected changes, and why?

Applying risk mitigation accounting

11. Please describe any challenges you experienced with regards to applying the proposed risk mitigation accounting requirements. Please include an explanation of whether the information needed was already available through your normal risk management processes or whether any information had to be obtained solely for the purposes of applying the requirements.

12. Please explain what significant judgements you were required to make to apply the proposed risk mitigation accounting requirements and what factors you had to consider.

13. Considering the proposed transition provisions in the Exposure Draft, do you expect any unintended or unwarranted effects to arise from the initial application of risk mitigation accounting?

Usefulness of information

14. Would preparing the proposed disclosure requirements require the use of any information that would not arise from your normal risk management activities and that would have to be prepared solely for disclosure purposes? Are there alternative requirements that would provide more useful information to users of financial statements than those proposed in the Exposure Draft?

Costs versus benefits assessment

15. Based on the fieldwork carried out, would applying risk mitigation accounting better reflect in the financial statements the effects of your risk management activities when compared to the effects and information resulting from your current accounting practices (as described in Section B of the fieldwork)?

16. Please explain what you would consider the most significant sources of costs, both one-time and ongoing, of applying risk mitigation accounting.

17. In your view, what would be the benefits of applying risk mitigation accounting? In your explanation, please distinguish between the expected benefits to your own company and the expected benefits to users of your financial statements

Proposed withdrawal of IAS 39 hedge accounting requirements

18. Please explain what you would consider the most significant effects from the proposed withdrawal of the hedge accounting requirements in IAS 39. Are there any of your IAS 39 hedging relationships that would not be eligible for hedge accounting applying the requirements in IFRS 9 or risk mitigation accounting as proposed in the Exposure Draft?

Section E—Additional questions about companies that issue insurance contracts

19. In addition to the questions in Section A–D, the IASB asks companies that issue insurance contracts to answer these additional questions:

    (a) Please indicate the extent to which insurance contract assets and liabilities are managed on a net basis with other financial instruments for repricing risk.

    (b) Please indicate the measurement basis of insurance contract assets and liabilities (in accordance with IFRS 17) included in underlying portfolios for the purpose of applying the proposed requirements.

    (c) Please explain any specific challenges in applying the proposed requirements to insurance contract assets and liabilities.

    (d) Please explain any amendments to the proposed requirements that you believe are necessary to apply risk mitigation accounting to insurance contract assets and liabilities. Please explain how the outcome of your preferred approach would more faithfully reflect the economic effects of repricing risk management for companies that issue insurance contracts than the proposed requirements.