IFRS Accounting

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Request for Information

IFRS® Accounting Standard

Post-implementation Review
IFRS 9 and IFRS 7
Hedge Accounting Requirements

Comments to be received by 26 January 2027

International Accounting Standards Board

IASB/RFI/2026/1

Request for Information

Post-implementation Review of IFRS 9 and IFRS 7 Hedge Accounting Requirements

Comments to be received by 26 January 2027

Request for Information *Post-implementation Review of IFRS 9 and IFRS 7—Hedge Accounting Requirements* is published by the International Accounting Standards Board (IASB) for comment only. Comments need to be received by 26 January 2027 and should be submitted by email to commentletters@ifrs.org or online at https://www.ifrs.org/projects/open-for-comment/.

CONTENTS

Introduction

The International Accounting Standards Board (IASB) is undertaking a post-implementation review of IFRS 9 *Financial Instruments*.

IFRS 9 replaced IAS 39 *Financial Instruments: Recognition and Measurement*. Improvements to the accounting for financial instruments introduced by IFRS 9 compared to IAS 39 include:[1]

a **classification and measurement approach** for financial assets that reflects the entity's business model and the asset's cash flow characteristics	a forward-looking **expected credit loss model** that results in more timely recognition of loan losses	a **hedge accounting model** with a better link between the economics of risk management and its accounting treatment

The IASB has completed the post-implementation reviews of the classification and measurement requirements and the impairment requirements in IFRS 9. The IASB is now reviewing the hedge accounting requirements in IFRS 9.

This post-implementation review also includes the hedge accounting disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*, which apply regardless of whether an entity chooses to apply the hedge accounting requirements in IFRS 9 or those in IAS 39.

1 An entity may elect, as an accounting policy, either to continue applying the hedge accounting requirements of IAS 39 to all of its hedging relationships or to apply the hedge accounting requirements of IFRS 9. An entity applying IFRS 9 hedge accounting may, however, apply the relevant IAS 39 requirements to a fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities (see paragraphs 6.1.3 and 7.2.21 of IFRS 9).

Timeline

2014 The IASB issued the complete version of IFRS 9, bringing together the three phases of its project to replace IAS 39—classification and measurement, impairment and hedge accounting. The IASB also issued amendments to IFRS 7, with the amendments becoming effective at the same time as IFRS 9.

2018 IFRS 9 and the amendments to IFRS 7 became effective for annual periods beginning on or after 1 January 2018.

2022 The IASB completed the post-implementation review of the classification and measurement requirements in IFRS 9, including related disclosure requirements in IFRS 7.

2024 The IASB completed the post-implementation review of the impairment requirements in IFRS 9, including related disclosure requirements in IFRS 7.

2026 The IASB began the post-implementation review of the hedge accounting requirements in IFRS 9, including related disclosure requirements in IFRS 7.

What is a post-implementation review?

The IASB carries out a post-implementation review of each new IFRS Accounting Standard or major amendment to a Standard.[2] The objective of a post-implementation review is **to assess whether the effects of applying the requirements of a new Standard or major amendment to a Standard on users of general purpose financial reports, preparers, auditors and securities regulators are as intended when the new requirements were developed**. The basis for such an assessment is the objective of the Standard and the effects analysis of the likely benefits and initial and ongoing costs arising from the new requirements that the IASB publishes when it issues the new requirements.[3]

During a post-implementation review, the IASB considers important and contentious matters it discussed during the development of the new requirements and whether the Standard or major amendment to a Standard continues to work as intended in the current environment, considering market developments since those new requirements were issued. It also considers whether there are unintended consequences from applying the new requirements that the IASB was not aware of when it developed those requirements.

A post-implementation review involves the IASB assessing whether the new requirements are overall working as intended, with the benefits to users of the information resulting from entities applying the new requirements not significantly lower than was expected and the costs of applying the requirements, and auditing and enforcing their application, not significantly greater than was expected.

A post-implementation review is not a standard-setting project and does not automatically lead to standard-setting. However, post-implementation reviews can identify improvements that can be made to a new requirement or the standard-setting process.

Although a post-implementation review can identify application questions, such identification is not the objective of the post-implementation review. There are other mechanisms in place to identify and address application questions.[4] When the IASB issues a new Standard or major amendment to a Standard, the IASB supports the implementation of the new Standard or major amendment through various activities. This support might include setting up a group of experts involved in the implementation of the Standard to provide a public forum for the discussion of implementation questions that arise and publishing materials such as articles and webcasts to support consistent application.[5] In addition, the IFRS Interpretations Committee (Committee) supports the implementation of IFRS Accounting Standards, including, when applicable, by publishing agenda decisions. In the course of supporting implementation of a new Standard or major amendment to a Standard, the IASB might decide that it needs to amend the new requirements, considering the benefits of timely action and the risks of disruption to implementation.[6]

2 See paragraphs 6.52–6.66 of the IFRS Foundation *Due Process Handbook*.

3 The expected costs and benefits of the hedge accounting requirements in IFRS 9 and the related disclosure requirements in IFRS 7 are set out in paragraphs BCE.174–BCE.238 of the *Basis for Conclusions on IFRS 9*. The costs and benefits are collectively referred to as ‘effects’.

4 See paragraphs 5.15–5.22 of the *Due Process Handbook*.

5 To access these materials for IFRS 9 see the supporting material webpage.

6 The IASB issued amendments to IFRS 9 in *Interest Rate Benchmark Reform* in September 2019, *Interest Rate Benchmark Reform—Phase 2* in August 2020 and *Contracts Referencing Nature-dependent Electricity* in December 2024.

How does the IASB prioritise matters in a post-implementation review?

The IASB considers whether to take any action on matters identified in a post-implementation review and how to prioritise those matters depending on the extent to which evidence gathered during the post-implementation review indicates:

(a) the matter has **substantial consequences** (for example, widespread diversity in practice materially affects users' ability to analyse trends and compare entities);

(b) the matter is **pervasive** (for example, it affects transactions that occur frequently in various industries and jurisdictions);

(c) the matter arises from a financial reporting issue that **can be addressed** by the IASB or the Committee (that is, a feasible solution is likely to exist); and

(d) the **benefits** of any action are expected to **outweigh the costs** (considering the extent of disruption to current practice and operational costs from change in the light of the importance of the matter to users).

Actions could include standard-setting, referring a matter to the Committee or developing materials to support consistent application. The IASB can also conclude that no action is required.

What is involved in a post-implementation review?

Phase 1

The IASB identifies matters to be examined, drawing on the broad network of IFRS Accounting Standards-related bodies and interested stakeholders, including the Committee and the IASB's advisory groups.

The IASB publishes a **request for information** asking stakeholders for feedback on the matters identified in Phase 1 and any other information relevant to the post-implementation review. Anyone can respond.

Phase 2

The IASB considers comments from the public consultation along with information gathered from any additional analysis and consultation.

The IASB publishes a **report and feedback statement** summarising its findings and any next steps.

Invitation to Comment

Summary of questions

This Request for Information sets out questions in three sections:

(a) **Section 1** seeks information on stakeholders' experience relating to the hedge accounting requirements in IFRS 9;

(b) **Section 2** seeks information on stakeholders' experience relating to the hedge accounting disclosure requirements in IFRS 7; and

(c) **Section 3** seeks other information relevant to this post-implementation review not covered by Sections 1–2.

Responses will inform the IASB's assessments in this post-implementation review.

Guidance for responding to questions

You need not answer all questions. Comments are most helpful if they:

(a) answer the questions as stated;

(b) state the paragraph(s) in IFRS Accounting Standards to which they relate;

(c) explain any significant differences between the actual and the expected effects of the requirements;

(d) explain whether these significant differences were caused by market developments since the IASB issued the Standard(s) or whether you have new evidence that the cost–benefit balance of applying the requirements has changed;

(e) are supported by evidence to help the IASB identify matters that are of such significance that they suggest the new requirements are not working as intended because the matter has substantial consequences and is pervasive; and

(f) describe any solutions you propose and how they might affect the assessment of benefits and costs.

The IASB does not expect you to carry out detailed investigations to answer the questions, so when providing your answers, please consider matters and concerns that are already known to you through your experience.

Deadline

The IASB will consider all written comments received by 26 January 2027.

How to comment

Please submit your comments:

Online	https://www.ifrs.org/projects/open-for-comment/
By email	commentletters@ifrs.org

Request for Information

The IASB wants to understand stakeholders' experience relating to the hedge accounting requirements in IFRS 9 and related disclosure requirements in IFRS 7 to assess, overall, whether the requirements are working as intended.

Specifically, the IASB wants to understand whether the overall initial and ongoing costs of applying the requirements, and auditing and enforcing their application, are largely as expected. If they are not, the IASB wants to know why as well as how, in stakeholders' views, it could reduce these costs, and how such proposals would affect the benefits of the requirements.

In addition, the IASB wants to understand whether the overall benefits to users of the information resulting from entities applying the requirements are largely as expected and, if not, why and what the IASB could do to improve the usefulness of that information.

1. Overall assessment of the hedge accounting requirements in IFRS 9

Hedge accounting requirements in IFRS 9

Chapter 6 of IFRS 9 sets out the requirements for applying hedge accounting. The objective of the hedge accounting requirements in IFRS 9 is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income).

Consequently, subject to qualifying criteria, the hedge accounting model in IFRS 9 uses an entity's risk management activities as the foundation for deciding which items and instruments qualify for hedge accounting.

Compared with IAS 39, IFRS 9:

(a) allows for more qualifying hedged items. For example, IFRS 9 allows an entity to designate as the hedged item:

  (i) individual risk components of non-financial items if they are separately identifiable and can be measured reliably; and

  (ii) a net position of a group of items containing offsetting risk positions;

(b) allows for more qualifying hedging instruments. For example, IFRS 9 allows an entity to designate as the hedging instrument non-derivative financial assets and liabilities measured at fair value through profit or loss;

(c) introduces a 'cost of hedging' approach for the accounting treatment of excluded components of hedging instruments, specifically:

  (i) subsequent changes in the time value of purchased options are recognised in other comprehensive income; and

  (ii) subsequent changes in forward points of forward contracts and in foreign currency basis spreads of cross-currency swaps can be recognised in other comprehensive income;

(d) removes the retrospective effectiveness test and the 80–125% 'bright line' effectiveness test. Instead, IFRS 9 introduces principles-based hedge effectiveness criteria that a hedging relationship must meet to qualify for hedge accounting, requiring:

  (i) the existence of an economic relationship between the hedged item and the hedging instrument;

  (ii) the effect of credit risk to not dominate the value changes that result from that economic relationship; and

  (iii) the hedge ratio of the hedging relationship to be the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item;

(e) requires a 'basis adjustment' for non-financial items—that is, requires the inclusion in the initial cost or other carrying amount of a non-financial asset or non-financial liability of the gain or loss accumulated in the cash flow hedge reserve upon recognition of that asset or liability; and

(f) removes the option to voluntarily de-designate a hedging relationship and, instead, introduces the concept of 'rebalancing'—that is, allows for the adjustment of the designated quantities of either the hedged item or the hedging instrument of an existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

IFRS 9 retains the three types of hedging relationships (cash flow hedge, fair value hedge and hedge of a net investment in a foreign operation) in IAS 39 and the hedge accounting mechanics of IAS 39.

> The **IASB intends to withdraw IAS 39**, with the timing and manner of the proposed withdrawal depending on the progress of its Risk Mitigation Accounting project. Because this post-implementation review is limited to the hedge accounting requirements in IFRS 9 and related disclosure requirements in IFRS 7, the IASB has not included a specific question on the proposed withdrawal of IAS 39 in this Request for Information. However, as **this RFI is relevant to all stakeholders** due to the hedge accounting disclosure requirements in IFRS 7, **stakeholders can share their views on the timing and manner of the proposed withdrawal, including the transition requirements in IFRS 9** when responding to this RFI.

Expected effects of the hedge accounting requirements in IFRS 9

The IASB expected that applying the hedge accounting requirements in IFRS 9 would enable entities to better align accounting outcomes with their actual risk management activities.[7] By introducing a principles-based model, the IASB sought to ensure that the financial statements reflect the economic substance of an entity's hedging strategies. Specifically, the IASB expected IFRS 9:

(a) to reduce the need for entities to provide measures not based on generally accepted accounting principles (GAAP) in public communications to explain the performance and economic effects of their hedging activities.

(b) to improve the comparability of, and transparency in, financial statements by requiring entities to provide information in the notes about their hedging activities and the effect of those activities on their primary financial statements.

The IASB expected that entities would incur initial costs on transitioning to the hedge accounting requirements in IFRS 9:

(a) to set up systems and processes, including establishing better integration and structural links between the corporate treasury/risk management and accounting functions, and educating personnel;

(b) to update and align the documentation of existing hedging relationships; and

(c) to communicate and explain changes in reported information to investors, analysts, and other external parties.

The IASB expected that the ongoing costs of applying hedge accounting under IFRS 9 would be lower than those under IAS 39, in particular, for less complex hedging relationships, because the principles-based model for testing hedge effectiveness is linked directly to how the hedge is designed and monitored for risk management purposes. This reduces the need for entities to run costly, parallel, accounting-specific calculations (such as the 80–125% effectiveness test required under IAS 39).

In addition, the IASB expected that more entities would apply hedge accounting under IFRS 9 because:

(a) aligning the accounting with actual risk management activities reduces the operational burden on entities to qualify and maintain hedge accounting; and

(b) allowing for more eligible hedged items (such as risk components of non-financial items or net positions) and more eligible hedging instruments increases the scope of hedging relationships that can qualify for hedge accounting.

The IASB expected that the benefits of applying the new hedge accounting requirements would be ongoing and would justify the costs of implementing the requirements. Those costs would likely be incurred mainly on transitioning from the hedge accounting requirements in IAS 39 to those in IFRS 9.

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7 The IASB considered the costs and benefits of the requirements in IFRS 9 and IFRS 7 on a variety of entities, including both financial and non-financial institutions, and discussed these in paragraphs BCE.174–BCE.238 of the *Basis for Conclusions on IFRS 9*.

Spotlight 1—What we have heard so far on the hedge accounting requirements in IFRS 9

Preparers' and other stakeholders' views

Initial feedback from preparers, auditors, standard-setters and securities regulators suggests that the hedge accounting requirements in IFRS 9 are overall working as intended. The requirements have achieved their objective of better aligning accounting outcomes with entities' actual risk management activities.

Many preparers, auditors, and standard-setters welcomed the removal of the 80−125% 'bright-line' effectiveness test and the ability to designate risk components of non-financial items, viewing both as significant improvements over IAS 39. Stakeholders also welcomed the recent amendments to IFRS 9 allowing entities to designate, as the hedged item, variable nominal amounts of forecast nature-dependent electricity, with some suggesting that this exception be extended to other transactions.

However, some preparers, auditors and standard-setters identified areas where applying the requirements can require significant judgement or be (unduly) costly or burdensome to apply, as well as areas where—in their view—more application guidance or supporting material might be needed. Examples of such areas include:

(a) the 'highly probable' criterion: Stakeholders observed that, for some forecast transactions, it can be difficult to demonstrate that these transactions are (and remain) highly probable, for example those impacted by geopolitical challenges, long-term contracts with uncertain timing or deal-contingent transactions. Some stakeholders also said they observed diversity in how this criterion is applied to similar fact patterns.

(b) the 'cost of hedging' approach: While most stakeholders appreciate the resulting reduction in profit or loss volatility, some consider the approach to be operationally complex to apply. These stakeholders said splitting the actual cost of hedging into an 'aligned' and a 'non-aligned' portion can be burdensome because it requires parallel valuations. Some also said there is diversity in how entities construct hypothetical derivatives, which some attribute to the limited application guidance in IFRS 9.

(c) the rebalancing requirements: Stakeholders observed that the concept of rebalancing is not well understood and rarely applied in practice. Conversely, the prohibition on voluntary de-designation has contributed to some entities deciding to continue to apply the hedge accounting requirements in IAS 39 (in particular, banks managing dynamic portfolios or preparers applying IFRS Accounting Standards who also report under US GAAP, which permits voluntary de-designation).

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(d) the requirement to include in the initial cost or other carrying amount of a non-financial asset or non-financial liability the gain or loss accumulated in the cash flow hedge reserve upon recognition of that asset or liability ('basis adjustment'). While stakeholders agree with this requirement conceptually, they observed that applying a basis adjustment, particularly to inventory, can be operationally complex because of the way some entities track and subsequently recognise inventory expense in profit or loss.

Users' views

The limited initial feedback from users of financial statements focused on the usefulness of entities' hedge accounting disclosures in the notes to the financial statements.

Question 1—Overall assessment of the hedge accounting requirements in IFRS 9

The IASB wants to understand whether, in your view:

(a) the hedge accounting requirements in IFRS 9 meet their objective. If not, please explain why not.

(b) the overall initial and ongoing costs of applying the requirements in IFRS 9, and auditing and enforcing their application, are largely as the IASB expected. If your view is that the overall costs are significantly greater than expected, please explain why, how you would propose the IASB reduce these costs and how your proposals would affect the benefits of the requirements.

(c) the overall benefits to users of the information resulting from entities applying the hedge accounting requirements in IFRS 9 are largely as the IASB expected. If your view is that the overall benefits are significantly lower than expected, please explain why and what the IASB could do to improve the usefulness of that information.

The expected costs and benefits of the hedge accounting requirements in IFRS 9 are set out in paragraphs BCE.174–BCE.238 of the *Basis for Conclusions on IFRS 9*.

Respondents may also share their views on the timing and manner of the proposed withdrawal of IAS 39. In particular, please consider the transition requirements for applying the hedge accounting requirements in IFRS 9 and whether additional requirements would need to be added upon the withdrawal of IAS 39.

Please refer to the '**Guidance for responding to questions**' on page 8.

2. Overall assessment of the hedge accounting disclosure requirements in IFRS 7

Hedge accounting disclosure requirements in IFRS 7

As part of its project on IFRS 9, the IASB also amended the hedge accounting disclosure requirements in IFRS 7 to enable users to better understand an entity's risk management activities and the effects of hedge accounting on an entity's financial statements.

Specifically, the amended IFRS 7 requires an entity to disclose information for each risk category in a single note (or separate section) in its financial statements on:

(a) its risk management strategy;

(b) how its hedging activities might affect the amount, timing and uncertainty of its future cash flows; and

(c) the effect that hedge accounting has had on its financial statements.

Because the **disclosure requirements in IFRS 7 relating to hedge accounting apply to all entities, this post-implementation review is relevant for any entity applying hedge accounting** under either IFRS 9 or IAS 39.

Expected effects of the hedge accounting disclosure requirements in IFRS 7

The IASB expected that the amended disclosure requirements in IFRS 7 would improve the usefulness of the information provided, specifically:

(a) by aligning disclosures with risk management activities to provide a clearer, more transparent picture of the purpose, execution, and economic success of hedging strategies, thereby reducing users' reliance on non-GAAP measures; and

(b) by enabling users to better understand the actual costs of hedging (such as the time value of options, forward elements, and foreign currency basis spreads) by presenting them as costs of obtaining protection rather than as sources of unexplained profit or loss volatility.[8]

The IASB also expected that requiring entities to present the information in a single note (or separate section) in the financial statements would reduce the costs of analysis for users, allowing them to easily locate and compare information across different entities.

In addition, the IASB expected that the amendments to the hedge accounting disclosure requirements in IFRS 7 would require entities to capture more data, leading to both initial and ongoing costs, but that the ongoing costs could be significantly reduced after entities have embedded the data collection for these disclosures directly into their financial reporting systems and processes.

8 The IASB considered the costs and benefits of the requirements in IFRS 9 and IFRS 7 on a variety of entities, including both financial and non-financial institutions, and discussed these in paragraphs BCE.174–BCE.238 of the *Basis for Conclusions on IFRS 9*.

Spotlight 2—What we have heard so far on the hedge accounting disclosure requirements in IFRS 7

Users' and other stakeholders' views

Initial feedback from users of financial statements, auditors, standard-setters and securities regulators on the hedge accounting disclosure requirements in IFRS 7 was mixed.

A few users said the amendments to IFRS 7 resulted in entities disclosing more decision-useful information about their risk management activities. However, some users, auditors, standard-setters and a securities regulator said entities' disclosures:

(a) vary significantly in the level of granularity. The information provided is sometimes too aggregated to be decision-useful for users (for example, some entities present or disclose hedge ineffectiveness together with other expenses);

(b) are often lengthy and boilerplate rather than concise and informative;

(c) often lack context. For example: average prices (or rates) of hedging instruments are often disclosed in isolation, providing little decision-useful information unless compared to spot rates or market benchmarks; and

(d) lack consistency between entities. For example, some entities disclose the changes in the fair value of the hedged item and the hedging instrument for the reporting period while others disclose the accumulated fair value changes.

Some users and auditors also said users would benefit from additional information on:

(a) entities' rebalancing decisions and the reasons for terminating hedging relationships;

(b) entities' economic and structural[9] hedge activities; and

(c) entities' expectations regarding the duration of hedges and their approach to renewing hedges.

In addition, some users said that while they do not always use the detailed disclosures in their quantitative models (for example, to forecast future earnings or cash flows), they view an entity's application of hedge accounting as an indicator of effective risk management.

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9 By 'structural hedges', these stakeholders mean risk management activities involving balance sheet positions used to reduce exposure to particular financial risks.

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Preparers' views

Many preparers said providing the information required by IFRS 7 can be (unduly) costly and burdensome because:

(a) IT systems are often not configured to generate the data automatically, making manual calculations necessary; and

(b) the disclosures are subject to extensive audit procedures, which increase audit fees.

Question 2—Overall assessment of the hedge accounting disclosure requirements in IFRS 7

The IASB wants to understand whether, in your view:

(a) the hedge accounting disclosure requirements in IFRS 7 meet their objective. If not, please explain why not.

(b) the overall initial and ongoing costs of applying the requirements in IFRS 7, and auditing and enforcing their application, are largely as the IASB expected. If your view is that the overall costs are significantly greater than expected, or providing the required information requires undue cost or effort, please explain:

  (i) why (identifying the specific requirement and cost drivers);

  (ii) how you would propose the IASB reduce these costs; and

  (iii) how your proposals would affect the benefits of the requirements.

(c) the overall benefits to users of the information resulting from entities applying the hedge accounting disclosure requirements in IFRS 7 are largely as the IASB expected. Specifically, please explain:

  (i) which of the disclosures provided are most useful and why;

  (ii) whether, in your view, the information provided is sufficient to meet the objective of enabling users to understand an entity's hedging activities; and

  (iii) if the overall benefits of the information are significantly lower than expected, why, and what the IASB could do to improve the usefulness of that information.

The expected costs and benefits of the hedge accounting disclosure requirements in IFRS 7 are set out in paragraphs BCE.174–BCE.238 of the *Basis for Conclusions on IFRS 9*.

Please refer to the '**Guidance for responding to questions**' on page 8.

3. Other matters relevant to this post-implementation review

Stakeholders can also share feedback on other matters relevant to this post-implementation review that are not specifically covered by the further questions in this Request for Information.

Question 3—Other matters relevant to this post-implementation review

Are there any other matters the IASB should examine as part of the post-implementation review of the hedge accounting requirements in IFRS 9 and related disclosure requirements in IFRS 7? If so, please explain why, considering the objective of a post-implementation review as set out on page 6.

Please refer to the '**Guidance for responding to questions**' on page 8.

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