Draft Comment Letter

You can submit your comments on EFRAG's draft comment letter by using the 'Express your views' page on EFRAG's website, then open the relevant news item and click on the comment publication link at the end of the news item.

Comments should be submitted by 11 January 2027.

International Accounting Standards Board

7 Westferry Circus, Canary Wharf

London E14 4HD

United Kingdom

[XX January 2027]

Dear Mr Woods,

Re: Request for Information: Post-implementation Review of IFRS 9 and IFRS 7 – Hedge Accounting Requirements

On behalf of EFRAG, I am writing to comment on the Request for Information – Post-implementation Review of *IFRS 9 and IFRS 7– Hedge Accounting Requirements,* issued by the IASB on 28 September 2026 (the 'RFI').

This letter is intended to contribute to the IASB's due process and does not necessarily indicate the conclusions that would be reached by EFRAG in its capacity as advisor to the European Commission on endorsement of definitive IFRS Accounting Standards in the European Union and European Economic Area.

Based on the preparatory work undertaken for this [Draft] Comment Letter and the feedback collected during outreach with constituents, EFRAG observes that the hedge accounting requirements in IFRS 9 *Financial Instruments* appear largely to work as intended for non-financial entities and for those financial institutions that have adopted them. However, EFRAG notes that the available evidence is not comprehensive and should be interpreted with an appropriate degree of caution, particularly because many European banks and some insurance entities continue to apply the hedge accounting requirements in IAS 39 *Financial Instruments: Recognition and Measurement*, notably the EU carve-out. Accordingly, EFRAG has not identified evidence

indicating that the hedge accounting requirements in IFRS 9 are failing to meet their objective and do not work as intended.

Nevertheless, feedback collected has led EFRAG to identify some issues of application or diversity in practice that should be further considered by the IASB in the context of this Post-implementation review ('PIR') project. These issues are listed in EFRAG's reply to Question 1 in the Appendix to this [Draft] Comment Letter.

EFRAG suggests that the following issues be addressed as priorities:

- application of the 'highly probable' requirement - EFRAG asks for clarification on how to interpret the highly probable criterion for load-following swaps as well as deal-contingent derivatives;
- hedging credit risk – a risk component may be designated if it is separately identifiable and reliably measurable. EFRAG asks the IASB to reassess their conclusion that credit risk does not meet these criteria. The existing solution in IFRS 9.6.7 is considered insufficient;
- rebalancing requirements – the concept is not well understood and is rarely applied in practice. Therefore, further clarification of the concept would be useful. EFRAG notes that the prohibition on voluntary de-designation has contributed to some entities deciding to continue to apply the hedge accounting requirements in IAS 39;
- difficulty in meeting the separately identifiable and reliably measurable requirement, when designating the risk-free rate component of IFRS 17 *Insurance Contracts* assets and liabilities, particularly for the insurance sector.

Also, EFRAG appreciates that stakeholders are given an opportunity to share their views about the timing and manner of the proposed withdrawal of IAS 39 as part of this RFI, as this may be helpful in reaching out to some stakeholders who are not deeply involved in the Risk Mitigation Accounting ('RMA') project. However, EFRAG considers that the withdrawal of IAS 39 should be primarily treated as part of the RMA project, as the latter needs to provide a sufficiently robust and operationally viable alternative to the existing hedge accounting requirements in IAS 39, including the IAS 39 carve-out, which is widely applied in Europe. Such model is a crucial precondition for the withdrawal of IAS 39.

EFRAG also suggests that, when an RMA model has been implemented, the IASB undertake a holistic assessment of how the RMA model interacts with the requirements in Chapter 6 of IFRS 9. Such a review could help identify any practical issues and ensure that the overall set of accounting requirements operates cohesively in practice, particularly for banks.

EFRAG notes that stakeholders have mixed views as to whether the hedge accounting disclosure requirements in IFRS 7 *Financial Instruments: Disclosures* meet their objective, as well as on their costs and benefits. While some of the constituents noted that hedge accounting disclosures in IFRS 7 provide more decision-useful information, others highlighted issues such as significant diversity in the granularity of disclosures and the manner of their aggregation, overly lengthy disclosures, boilerplate disclosures and lack of context. More information is provided in EFRAG's response to Question 2 in the Appendix to this [Draft] Comment Letter.

EFRAG's detailed comments and responses to the questions in the Exposure Draft are set out in the Appendix.

If you would like to discuss our comments further, please do not hesitate to contact Serge Vinogradov, Sapna Heeralall or me.

Yours sincerely,

Wolf Klinz

Chair of EFRAG FRB

Appendix - EFRAG's responses to the questions raised in the RFI

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

Notes to constituents - Summary of presentation in the RFI

Background

1 *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).*

2 *Compared with IAS 39, IFRS 9:*

(a) *Allows for more qualifying hedged items.*

(b) *Allows for more qualifying hedging instruments.*

(c) *Introduces a 'cost of hedging' approach for the accounting treatment of excluded components of hedging instruments.*

(d) *Removes the retrospective effectiveness test and the 80-125% 'bright line' effectiveness test.*

(e) *Requires a 'basis adjustment' for non-financial items.*

(f) *Removes the option to voluntarily de-designate a hedging relationship and, instead, introduces the concept of 'rebalancing'.*

3 *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. 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.*

4 *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. 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.*

5 *The IASB expected that, after the entities would incur initial costs of transitioning, 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).

6 *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.*

Feedback received by the IASB (Spotlight 1)

7 *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.*

8 *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.*

9 *However, some areas to be addressed have been identified, namely:*

(a) *<u>the 'highly probable' criterion</u>: 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) *<u>the 'cost of hedging' approach</u>: 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).*

(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.*

10 *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.

EFRAG's response

Question (a)

11 Under the transition requirements of IFRS 9, entities currently have a choice of either continuing to apply hedge accounting requirements of IAS 39 or adopting those of IFRS 9.

12 EFRAG observes that while a significant number of European banks apply the hedge accounting requirements of IAS 39 (notably the EU carve-out), applying the hedge accounting requirements of IFRS 9 has become much more widespread among insurance entities and is clearly predominant among non-financial entities. For avoidance of doubt, a large number of banks do apply the hedge accounting requirements of IFRS 9.

13 In EFRAG's view, this trend illustrates that changes to the hedge accounting requirements of IFRS 9 compared to those in IAS 39 have indeed been useful for a large number of

entities. On the other hand, EFRAG notes that, given banks' limited experience with applying the IFRS 9 hedge accounting, some potential issues may not yet have been highlighted.

14 In addition, EFRAG notes that as of now, the number of submissions to the IFRS IC related to the hedge accounting requirements of IFRS 9 is limited.

15 Based on the preparatory work undertaken for this [Draft] Comment Letter and the feedback collected during outreach with constituents, EFRAG observes that the hedge accounting requirements in IFRS 9 *Financial Instruments* appear largely to work as intended for non-financial entities and for those financial institutions that have adopted them. Accordingly, EFRAG has not identified evidence indicating that the hedge accounting requirements in IFRS 9 are failing to meet their objective and do not work as intended.

16 EFRAG also suggests that, when an RMA model has been implemented, the IASB undertake a holistic assessment of how the RMA model interacts with the requirements in Chapter 6 of IFRS 9. Such a review could help identify any practical issues and ensure that the overall set of accounting requirements operates cohesively in practice, particularly for banks.

Question (b)

17 EFRAG notes that, with the exception of banks and, to a lesser extent, insurance entities, the initial costs of applying the hedge accounting requirements in IFRS 9 have already been borne by preparers and other stakeholders. EFRAG has not received any significant information indicating that the initial costs of entities who may still have to implement the hedge accounting requirements of IAS 39 in the future or the ongoing costs of applying the hedge accounting requirements in IFRS 9 are significantly greater than expected.

Question (c)

18 EFRAG is not aware of any significant information that would imply that the overall benefits to users of the information resulting from entities applying the hedge accounting requirements in IFRS 9 are significantly lower than expected. However, the feedback received from users is currently relatively limited.

Withdrawal of IAS 39

19 EFRAG agrees that stakeholders should be given an opportunity to share their views about the timing and manner of the proposed withdrawal of IAS 39 as part of this RFI, as this may be helpful in reaching out to some stakeholders who are not deeply involved in the RMA project. However, EFRAG considers that the withdrawal of IAS 39 should be primarily treated as part of the RMA project, as the latter needs to provide a sufficiently robust and

operationally viable alternative to the existing hedge accounting requirements in IAS 39, including the IAS 39 carve-out, which is widely applied in Europe. Such model is a crucial precondition for the withdrawal of IAS 39.

Issues identified

20 Despite this overall assessment, EFRAG notes that some areas of the hedge accounting requirements in IFRS 9 would require analysis as part of this PIR.

21 In this context, based on the feedback received so far, EFRAG agrees with most of the areas mentioned by the IASB in Spotlight 1, notably the following:

(a) The 'highly probable' criterion, EFRAG agrees that for some transactions (for example those impacted by geopolitical challenges, those expected to take place in an undefined future or contingent transactions) it can be difficult to demonstrate that these transactions are (and remain) highly probable. For example, the first constraint in trying to hedge insurance contracts is the highly probable criterion and, as a result, only closed portfolios that are in runoff can be hedged. EFRAG also asks the IASB to look at the highly probable requirement for forecast transactions in connection with the RMA and align the related probability requirements in Chapter 6 with those in the intended Chapter 7 of IFRS 9.

(b) The 'cost of hedging' approach, EFRAG agrees that the operational complexity and diversity in practice deserve attention as part of this PIR.

(c) The rebalancing requirements, EFRAG agrees that the concept is not well understood and is rarely applied in practice Therefore, further clarification of the concept would be useful. EFRAG notes that the prohibition on voluntary de-designation has contributed to some entities deciding to continue to apply the hedge accounting requirements in IAS 39.

22 In addition to the above, in EFRAG's view, the following areas should be addressed as part of this PIR.

Hedging credit risk

23 In accordance with paragraph 6.3.7 of IFRS 9, a risk component may be designated if it is separately identifiable and reliably measurable. The IASB concluded in BC6.504 of IFRS 9 that credit risk does not meet these criteria. However, EFRAG notes that arguments in BC6.500-503 highlight the potential ineffectiveness of using the Credit Default Swaps

('CDS') rather than explaining why the credit risk is not separately identifiable and reliably measurable and, accordingly, should not be designated as a risk component.

24 This requirement, based on the difficulty of reliably isolating and measuring this risk, limits the accounting treatment of management strategies actually implemented, particularly in the banking and insurance sectors.

25 In practice, however, instruments such as CDS make it possible to assess and hedge credit risk supported by observable market prices. In the case of CDS, the credit spread includes components other than credit risk alone. However, some consider that credit risk remains reliably measurable by reference to observable market prices (collateralised CDS) for the same issuer and the same maturity as the hedged risk.

26 Furthermore, the alternative of designating a credit exposure as measured at fair value through profit or loss (IFRS 9.6.7) may be unsatisfactory. This alternative leads to recognising all fair value changes in profit or loss, not just the credit component, creating an accounting mismatch.

27 EFRAG asks the IASB to reconsider its conclusion on credit risk not being separately identifiable and reliably measurable.

Load-following swaps and deal-contingent derivatives

28 EFRAG considers that the IFRIC's agenda decision of March 2019 treating the application of the highly probable requirement when a specific derivative is designated as a hedging instrument should be reconsidered in light of the recent Amendments to IFRS 9 and IFRS 7 related to Contracts Referencing Nature-dependent Electricity ('NDE Amendments'). Load-following swaps highlight the possibility of a hedging relationship being fully effective despite the defined hedged item not fulfilling the highly probable requirement or even a probable requirement. EFRAG asks for clarification on how to interpret the highly probable criterion for hedge relationships where load-following swaps or deal-contingent derivatives are used as hedging instruments.

Designating the risk-free rate component of IFRS 17 assets and liabilities as hedged item in fair value hedges and cash flow hedges

29 Some insurance entities propose that the possibility of designating the risk-free (e.g. Euribor) rate component of IFRS 17 *Insurance Contracts* assets and liabilities as hedged item in fair value hedges and cash flow hedges be mentioned in the Standard directly. This would be a new opportunity for entities, one especially valued by insurance entities, as it would ease the accounting for such hedges.

Unit of account

30 IFRS 9 specifies that a qualifying instrument must be designated in its entirety as a hedging instrument, except for a limited number of cases. EFRAG considers that as part of this PIR the IASB should reassess the unit of account used for hedge accounting. Risk management is often conducted at a more granular level than the derivative contract (e.g. by risk type, tenor buckets, layers of exposure, portions of notional amounts or specific notional amounts out of a larger whole). There might be situations where a more granular unit of account may be better aligned with management's risk strategy.

31 Further, IFRS 9 allows components of financial and non-financial items to be designated as hedged items (e.g. risk components, layers and proportions). This shows that IFRS 9 accepts granularity in hedged items and, thus, it is consistent to allow granularity in the hedging instruments as well.

Roll-over requirements

32 IFRS 9 does not provide a precise definition of what constitutes a 'roll-over' of a hedging relationship. The Standard refers to the continuation of hedge accounting when a hedging instrument or hedged item is replaced or extended, but the criteria for when this is permissible are open to interpretation. The lack of guidance leads to diversity in practice.

33 IFRS 9 requires entities to document the hedging relationship and the risk management objective at inception. However, when rolling over a hedge, it is unclear whether the original documentation suffices or if new documentation is required.

34 The Standard emphasises that hedge accounting should reflect an entity's risk management activities. But it does not clearly specify how to assess whether a roll-over maintains the economic continuity of the original hedge. For example, if a company rolls over a hedge but changes the notional amount or maturity, does this break the economic link? The Standard is silent on such nuances.

35 Different jurisdictions and auditors may interpret the roll-over requirements differently, leading to divergent practices. Some may allow roll-overs with minimal changes, while others may require a full re-designation, creating inconsistency in financial reporting.

36 EFRAG calls upon the IASB to consider providing practical examples and illustrative cases for roll-over strategies.

Interaction of IFRS 9 hedge accounting requirements with IAS 21 The Effects of Changes in Foreign Exchange Rates

37 When dealing with foreign currency risk, corporate treasury teams face issues related to the interaction of IFRS 9 hedge accounting requirements with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, notably the issue of designation of the foreign exchange component of an intra-group loan as a hedging instrument. EFRAG considers that further analysis is needed by the IASB as part of the PIR.

Additional Tier 1 instruments

38 To the extent that Additional Tier 1 ('AT1') instruments are classified as equity under IAS 32, AT1 instruments are not eligible for hedge accounting. Some of the AT1 instruments are managed as fixed-rate exposures for risk management purposes and are currently often hedged under the IAS 39 EU carve-out. EFRAG considers that to align with actual risk management, AT1 instruments should be eligible for micro-hedging (either for interest rate risk or foreign currency risk). EFRAG notes that there are similar concerns with AT1 instruments in the RMA project. In addition, EFRAG notes that classification of AT1 instruments is being considered in the IASB's FICE project and encourages the IASB to consider the interaction between these projects when assessing the accounting consequences for AT1 instruments to avoid unintended consequences.

Questions to Constituents

39 Which issues mentioned above should be addressed as part of the PIR? Please indicate whether each issue should be given high, medium or low priority and the pervasiveness of the issue. For issues with high or medium priority, please explain your concerns in more detail.

40 If you consider hedging credit risk a significant issue to be addressed as part of this PIR, do you observe other ways of identifying and measuring ineffectiveness than those mentioned in paragraph 25 (e.g. in the case of combined instruments (bond forward plus forward swap), the total fair value of the instrument may be observable in an active market)? Please explain.

41 Are there additional significant issues (e.g. the issue of basis adjustment raised by the IASB - please see paragraph 9(d)) which should be addressed as part of the PIR? Please indicate whether each issue should be given high, medium or low priority and the pervasiveness of the issue. Please explain.

42	What are your views on the proposed withdrawal of IAS 39?
43	What are your views on the IASB's questions (whether the hedge accounting requirements in IFRS 9 meet their objective, their costs and benefits)?

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

Notes to constituents - Summary of presentation in the RFI

Background

44 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.*

45 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.*

46 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.

47 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.

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

Feedback received by the IASB (Spotlight 2)

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

50 *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;*

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

(c) *often lack context;*

(d) *lack consistency between entities.*

51 *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 hedge activities; and*

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

52 *In addition, some users said that while they do not always use the detailed disclosures in their quantitative models, they view an entity's application of hedge accounting as an indicator of effective risk management.*

53 *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) of 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*.

EFRAG's response

Question (a)

54 EFRAG agrees that the views of preparers and users are mixed as to whether the hedge accounting disclosures in IFRS 7 meet their objective. Some of the constituents noted that hedge accounting disclosures in IFRS 7 provide more decision-useful information. Others expressed concerns, similar to those mentioned above in the feedback received by the IASB, notably:

(a) Granularity of disclosures and the manner of their aggregation can vary significantly and limit their comparability;

(b) Overly lengthy disclosures, not all of which may be useful for decision-making by users;

(c) Boilerplate disclosures, lack of context or connection to the primary statements which limits their usefulness;

(d) Lack of clarity as to whether to disclose cumulative change in fair value or change in fair value for the period.

Question (b)

55 Feedback over the costs (most importantly, ongoing costs) of disclosures is also mixed. Some preparers expressed concerns similar to those mentioned above in the feedback received by the IASB, e.g. that IT systems often not configured to produce the required information, therefore, some information needs to be manually processed and that some associated costs may be significant. Other preparers noted that, after several reporting periods, they have found a way of preparing those disclosures in a manner which is meaningful to users and without excessive costs.

Question (c)

56 Feedback on the benefits for users is also mixed (please see Question (a) above). In addition, further disclosures on rebalancing, de-designations, economic and structural hedge activities and expectations regarding duration of hedges and their renewal would be welcomed by some stakeholders.

Questions to Constituents

57 Which issues mentioned above should be addressed as part of the PIR? Please indicate whether each issue is high, medium or low priority and the pervasiveness of the issue. Please be specific in your response (e.g., in identifying the cost drivers).

58 What are your views on the IASB's questions (whether the hedge accounting disclosure requirements in IFRS 7 meet their objective, their costs and benefits)?

59 Are there additional issues which should be addressed as part of the PIR?

(a) In particular, please indicate disclosure requirements which, in your view, should be either added or removed.

(b) Please indicate whether each issue is high, medium or low priority and the pervasiveness of the issue. Please explain.

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

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 of the RFI.

Question to Constituents

60 Are there any other matters which should be addressed as part of the PIR? Please indicate whether each issue is high, medium or low priority and the pervasiveness of the issue.