Australian Government
Australian Accounting Standards Board

Cover Memo

Project:	**Risk Mitigation Accounting**	**Meeting:**	AASB November 2026 (M224)
Topic:	**Responding to IASB Exposure Draft**	**Agenda Item:**	5.0
		Date:	19 November 2026
Contact(s):	Mikhail Bhatia mikhail.bhatia@aasb.gov.au Patricia Au pau@aasb.gov.au	**Project Priority:**	Medium
		Decision-Making:	Low
		Project Status:	Developing comment letter to the IASB

Objective of this agenda item

1 The objective of this agenda item is for the Board to finalise its comment letter to the IASB on Exposure Draft/2025/1 Risk Mitigation Accounting: *Proposed amendments to IFRS 9 and IFRS 7*. The comment period for the Exposure Draft closes on 30 November 2026.

Attachments

Agenda Paper 5.1 Draft comment letter to the IASB

Background and the Board's previous decisions

2 At its October 2026 meeting (M223), the Board deliberated its response to the IASB Exposure Draft and considered the nature and extent of stakeholder feedback obtained through the AASB's outreach activities. The Board noted that, while stakeholders had expressed views through outreach activities, no written submissions had been received from Australian stakeholders.[1]

3 The Board instructed staff to prepare a comment letter reflecting the following observations:

(a) no Australian banks that participated in the AASB's outreach indicated an intention to adopt the proposed Risk Mitigation Accounting (RMA) model;

(b) feedback indicated that Australian banks are unlikely to change their existing hedge accounting practices, having developed and embedded those practices over time to address limitations in the accounting requirements, supported by established investor communication processes;

(c) stakeholders who provided feedback were not convinced that the proposed RMA model would provide materially more useful information than their existing practices to justify a change in practice and raised significant concerns about whether the proposed RMA model would be workable; and

(d) addressing these stakeholder concerns could require significant further time and effort by the IASB. Given the limited demand for the proposed model among Australian stakeholders, the

1 Background information on the Exposure Draft proposals, the AASB's outreach activities and a summary of stakeholder feedback is provided in Agenda Paper 5.0 for the October 2026 meeting (M223).

IASB should reassess the priority of the RMA project, having regard to other projects that address more pressing stakeholder needs.

4 In developing the draft comment letter, staff have reflected the Board's observations by acknowledging the IASB's longstanding efforts to address the limitations of existing hedge accounting requirements for dynamically managed open portfolios, while highlighting the significant issues raised by Australian stakeholders. In light of those issues and the limited demand for the proposed model among Australian stakeholders, the draft letter suggests that the IASB consult with stakeholders on the relative priority of the RMA project within its broader work plan and in the context of other stakeholder needs.

5 Accordingly, at this meeting the Board is asked to consider the draft comment letter presented as Agenda Paper 5.1.

Question for the Board

Q1 Subject to any amendments agreed at this meeting, does the Board approve the comment letter for submission to the IASB?