IFRS® Accounting

February 2026

Exposure Draft

IFRS® Accounting Standard

Amendments to the Fair Value Option for Investments in Associates and Joint Ventures

Proposed amendments to IAS 28

Comments to be received by 20 April 2026

International Accounting Standards Board

IASB/ED/2026/1

Exposure Draft

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The Exposure Draft *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures* is published by the International Accounting Standards Board (IASB) for comment only. Comments need to be received by **20 April 2026** and should be submitted by email to commentletters@ifrs.org or online at https://www.ifrs.org/projects/open-for-comment/.

All comments will be on the public record and posted on our website at www.ifrs.org unless the respondent requests confidentiality. Such requests will not normally be granted unless supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data.

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Introduction

Why is the IASB publishing this Exposure Draft?

In October 2025 the International Accounting Standards Board (IASB) added to its work plan a project to explore narrow-scope amendments to clarify which entities are eligible to measure investments in associates and joint ventures using the fair value option in IAS 28 *Investments in Associates and Joint Ventures*.

Stakeholders informed the IASB of diversity in how the requirements for the fair value option in IAS 28 are applied and the effects of that diversity on the classification of income and expenses in the statement of profit or loss in accordance with IFRS 18 *Presentation and Disclosure in Financial Statements*. They said clarity about which entities are eligible to measure investments using the fair value option in IAS 28 is particularly important because more entities are considering whether to elect that option as part of their implementation of IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027; therefore, any amendments to IAS 28 would need to be completed ahead of that date.

Proposals in this Exposure Draft

This Exposure Draft proposes amending paragraphs 18–19 of IAS 28 to clarify that an entity that has a main business activity of investing in particular types of assets (as set out in paragraph 49(a) of IFRS 18) is eligible to elect the fair value option in IAS 28. The IASB expects the proposed amendments to provide timely clarity for affected entities and reduce diversity in how stakeholders interpret which entities are eligible to use the fair value option in IAS 28.

Next steps

The IASB will consider the comments it receives on this Exposure Draft and decide whether to proceed with the proposed amendments. The IASB plans to complete any resulting amendments by mid-2026.

Invitation to comment

The IASB invites comments on the proposals in this Exposure Draft, particularly on the questions set out below. Comments are most helpful if they:

(a) respond to the questions as stated;

(b) indicate the specific paragraph(s) to which they relate;

(c) contain a clear rationale;

(d) identify any wording in the proposals that is not clear or would be difficult to translate; and

(e) include any alternative the IASB should consider, if applicable.

The IASB requests comments only on matters addressed in this Exposure Draft. However, respondents need not answer all the questions in this invitation to comment.

Questions for respondents

Question 1—Proposed amendments to paragraphs 18–19 of IAS 28
Paragraphs 18–19 of IAS 28 permit an entity to elect to measure an investment in an associate or a joint venture at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* if the investment is held by a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds. The IASB is proposing to amend paragraphs 18–19 of IAS 28 to clarify that similar entities include those that have a main business activity of investing in particular types of assets (as set out in paragraph 49(a) of IFRS 18). Paragraphs BC1–BC19 of the Basis for Conclusions explain the IASB's rationale for this proposal. In particular, paragraphs BC9–BC13 explain why the IASB decided not to propose extending the fair value option to all entities. Do you agree with this proposal? Why or why not? If you disagree, please explain what you would suggest instead and why.

Question 2—Effective date and transition
The IASB proposes that an entity apply the amendments to paragraphs 18–19 of IAS 28 at the same time and on the same basis as it applies IFRS 18. Paragraphs BC20–BC21 of the Basis for Conclusions explain the IASB's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree, please explain what you would suggest instead and why.

Deadline

The IASB will consider all comments received in writing by 20 April 2026.

How to comment

Please submit your comments electronically:

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

Your comments will be on the public record and posted on our website unless you request confidentiality and we grant your request. We normally grant such requests only if they are supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data. If you would like to request confidentiality, please contact us at commentletters@ifrs.org before submitting your letter.

[Draft] Amendments to IAS 28 *Investments in Associates and Joint Ventures*

Paragraphs 18–19 are amended and paragraph 45M is added. Added text is underlined and deleted text is struck through.

Application of the equity method

...

Exemptions from applying the equity method

...

18 When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities ~~including investment-linked insurance funds~~, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9. <u>Similar entities include those that have a main business activity of investing in particular types of assets (see paragraph 49(a) of IFRS 18).</u> ~~An example of an investment-linked insurance fund is a fund held by an entity as the underlying items for a group of insurance contracts with direct participation features. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features.~~ An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. ~~(See IFRS 17 *Insurance Contracts* for terms used in this paragraph that are defined in that Standard.)~~

19 When an entity has an investment in an associate, a portion of which is held indirectly through a venture capital organisation, or a mutual fund, unit trust and similar entities ~~including investment-linked insurance funds~~, the entity may elect to measure that portion of the investment in the associate at fair value through profit or loss in accordance with IFRS 9 regardless of whether the venture capital organisation, or the mutual fund, unit trust and similar entities ~~including investment-linked insurance funds~~, has significant influence over that portion of the investment. If the entity makes that election, the entity shall apply the equity method to any remaining portion of its investment in an associate that is not held through a venture capital organisation, or a mutual fund, unit trust and similar entities ~~including investment-linked insurance funds~~.

...

Effective date and transition

...

45M *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*, issued in [Month] 2026, amended paragraphs 18–19. An entity shall apply these amendments in accordance with paragraph C7 of IFRS 18 when it applies IFRS 18. If an entity has elected to apply IFRS 18 for an earlier period in accordance with paragraph C1 of IFRS 18, and that earlier period begins before the issuance of these amendments, the entity shall apply the amendments, in accordance with paragraph C7 of IFRS 18, from the beginning of the reporting period starting on or after the issuance of the amendments.

Approval by the IASB of Exposure Draft *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures* published in February 2026

The Exposure Draft *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*, which proposes amendments to IAS 28 *Investments in Associates and Joint Ventures*, was approved for publication by nine of the 13 members of the International Accounting Standards Board (IASB). Mr Gast, Mr Mackenzie and Mr Uhl voted against its publication. Their alternative views are set out after the Basis for Conclusions. Ms Chen abstained in view of her recent appointment to the IASB.

Andreas Barckow	Chair
Linda Mezon-Hutter	Vice-Chair
Nick Anderson	
Patrina Buchanan	
Tadeu Cendon	
Yu Chen	
Florian Esterer	
Zach Gast	
Hagit Keren	
Bruce Mackenzie	
Bertrand Perrin	
Rika Suzuki	
Robert Uhl	

Basis for Conclusions on Exposure Draft *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*

This Basis for Conclusions accompanies, but is not part of, the Exposure Draft Amendments to the Fair Value Option for Investments in Associates and Joint Ventures. *It summarises the considerations of the International Accounting Standards Board (IASB) when developing the Exposure Draft. Individual IASB members gave greater weight to some factors than to others.*

Background

Objective of the project

BC1 Paragraphs 18–19 of IAS 28 *Investments in Associates and Joint Ventures* permit particular entities to elect to measure an investment in an associate or a joint venture at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* (fair value option in IAS 28).

BC2 In October 2025, the International Accounting Standards Board (IASB) added to its work plan a project to explore narrow-scope amendments to clarify which entities are eligible to measure investments in associates and joint ventures using the fair value option in IAS 28. The IASB decided to propose these amendments because stakeholders, particularly those in the insurance industry, informed the IASB about diversity in how the requirements for the fair value option in IAS 28 are applied and the effects of that diversity on the classification of income and expenses in the statement of profit or loss in accordance with IFRS 18 *Presentation and Disclosure in Financial Statements*.

Diversity in practice

BC3 IFRS 18 requires income and expenses from all investments accounted for using the equity method to be classified in the investing category of the statement of profit or loss. However, it requires income and expenses from investments in associates and joint ventures accounted for using the fair value option in IAS 28 to be classified in the operating category if an entity invests in these assets as a main business activity. Some entities, particularly those in the insurance industry, consider some investments in associates and joint ventures to be part of their main business activity of investing in assets. Therefore, they consider the related income and expenses to be part of their operating results. To enable them to classify the income and expenses from these investments in the operating category of the statement of profit or loss, some insurers are considering expanding their use of the fair value option in IAS 28 to measure these investments.

BC4 In 2023, during the development of IFRS 18, the IASB acknowledged diversity in how stakeholders, particularly those in the insurance industry, interpret which entities are eligible to measure their investments in associates and joint ventures using the fair value option in IAS 28. Some stakeholders interpret the requirement in paragraph 18 of IAS 28 narrowly to refer only to those investments in associates or joint ventures held by or through investment-linked insurance funds. Other stakeholders interpret the requirement more broadly to refer to any investments in associates and joint ventures directly or indirectly related to insurance contracts issued. The IASB observed at that time that clarifying which entities are eligible to use the fair value option in IAS 28 was beyond the scope of that project.

BC5 In 2025, as part of their feedback on the Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)*, stakeholders again reported diversity in views on which entities are eligible to use the fair value option in IAS 28. The IASB carried out further research that confirmed this diversity arises because of:

(a) a lack of clarity in the requirements in paragraph 18 of IAS 28. In particular, the meaning of 'similar entities including investment-linked insurance funds' and how narrowly or broadly that requirement should be interpreted is unclear.

(b) different interpretations of the relationship between the scope of the fair value option in IAS 28 and other requirements, including the requirements about specified main business activities in paragraphs 49–50 and 55 of IFRS 18.

BC6 After considering stakeholders' concerns and the results of its research, the IASB decided to propose amendments to clarify the requirements in paragraph 18 of IAS 28 as a separate narrow-scope project that could be completed in a timely manner.

BC7 The IASB observed that, although the fair value option in IAS 28 can be elected only on initial recognition of an investment in an associate or joint venture, IFRS 18 includes a transition requirement that permits an entity to elect the fair value option on initial application of IFRS 18. The IASB provided this transition requirement because some eligible entities might have chosen not to elect the fair value option before they were aware of the effects of IFRS 18 (see BC3 and BC423 of IFRS 18). Therefore, to respond to stakeholder concerns, any amendments to the fair value option would need to be effective on or before the effective date of IFRS 18, which is annual reporting periods beginning on or after 1 January 2027.

BC8 The IASB also acknowledged that jurisdictions will need time to complete their endorsement of these amendments. Therefore, any standard-setting would need to be completed urgently so the amendments could be endorsed in time for the initial application of IFRS 18.

Proposed amendments to IAS 28

Scope of the proposed amendments

BC9 The IASB took the view that to resolve stakeholders' concerns, any proposed amendments to the fair value option should:

(a) be narrow in scope and focus only on the concerns identified;

(b) not affect entities that already use the fair value option in IAS 28; and

(c) minimise the risk of unintended consequences for other requirements in IFRS Accounting Standards and the IASB's other projects.

BC10 IAS 28 currently restricts the use of the fair value option to investments in associates and joint ventures held by particular entities. The IASB noted that the diversity in practice mainly affects insurers and relates to the meaning of 'similar entities including investment-linked insurance funds' and the different interpretations of the relationship between the scope of the requirements in IAS 28 and IFRS 18 (see paragraph BC5). The IASB concluded, therefore, that to achieve the objectives set out in paragraph BC9, amendments to the requirements in paragraph 18 of IAS 28 should be limited to clarifying only these aspects.

BC11 The IASB considered whether to respond to stakeholders' concerns by making the fair value option available to all entities, instead of restricting it to particular entities. An unrestricted fair value option would enable entities to measure their investments in associates and joint ventures in a way that, in their view, would provide the most useful information to users of their financial statements. This approach would also be consistent with equivalent requirements in US generally accepted accounting principles.

BC12 Some IASB members were of the view that amendments to provide an unrestricted fair value option in IAS 28 could be finalised in a manner that would achieve the objectives set out in paragraph BC9. However, other IASB members noted that stakeholders only submitted requests for the IASB to resolve the issues identified in paragraph BC5. They said, in their view, more time would be needed to gather information about any effects a broader change might have on the overall application of IAS 28. The IASB concluded that such a project could not be completed in time for the change to be available to entities by the effective date of IFRS 18 (see paragraphs BC7–BC8) and would go beyond the issues identified by stakeholders.

BC13 The IASB decided to take a proportionate approach by developing amendments that focus on only the issues identified—that is, the lack of clarity about the meaning of 'similar entities including investment-linked insurance funds' and the different interpretations of the relationship between the scope of the requirements in IAS 28 and IFRS 18. The IASB noted that if feedback on this project indicates strong demand for an unrestricted fair value option in IAS 28 as an alternative to equity method accounting, it will consider how to respond to that feedback in the context of its work plan priorities.

Clarifying which entities are eligible to elect the fair value option

BC14 IFRS 18 already acknowledges that some entities invest in associates and joint ventures as part of their main business activities and therefore regard the income and expenses from these investments to be part of their operating profit or loss (see paragraph BC3). This position is reflected in paragraph 55 of IFRS 18, which requires entities to classify, in the operating category of the statement of profit or loss, income and expenses from those investments in associates and joint ventures that the entity invests in as a main business activity and that are not accounted for by applying the equity method.

BC15 Paragraph B31 of IFRS 18 states that investment entities as defined by IFRS 10 *Consolidated Financial Statements*, investment property companies and insurers are examples of entities that might invest in assets as a main business activity. Because paragraph 18 of IAS 28 already refers to insurance entities, the IASB took the view that aligning the scope of the fair value option in IAS 28 with the requirements in paragraph 49(a) of IFRS 18 would achieve the objectives set out in paragraph BC9. The IASB therefore decided to clarify that in paragraph 18 of IAS 28, similar entities include those that have a main business activity of investing in particular types of assets (as set out in paragraph 49(a) of IFRS 18). The IASB also concluded that, by making this clarification, it could delete the example of an investment-linked insurance fund currently included in paragraph 18 of IAS 28.

BC16 Some IASB members expressed a view that the requirement should be further refined to ensure that the fair value option in IAS 28 is limited to those investments in associates and joint ventures that an entity invests in as a main business activity. However, the IASB concluded that aligning the requirement in paragraph 18 of IAS 28 directly with the requirement in paragraph 49(a) of IFRS 18 would reduce the risk of different interpretations between the requirements in IAS 28 and IFRS 18 and avoid adding further complexity to the requirements in paragraph 18 of IAS 28.

Using the fair value option in IAS 28

BC17 In accordance with paragraph 18 of IAS 28, the election to use the fair value option at initial recognition of an investment in an associate or joint venture is irrevocable. Some respondents to the Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)* suggested that entities be permitted to revoke this election when the relationship between these investments and an entity's insurance liabilities changes.

BC18 The IASB noted that this irrevocable election is consistent with other instances in which entities can use a fair value option in IFRS Accounting Standards—for example, in paragraphs 4.1.5 and 4.2.2 of IFRS 9. The IASB also noted that the objective of this project is to clarify which entities are eligible to measure investments in associates and joint ventures using the fair value option in IAS 28. The matter of whether or not to make the fair value option in IAS 28 revokable is beyond the scope of the project. Therefore, the IASB decided the fair value option in IAS 28 should remain irrevocable and did not propose any related changes as part of these narrow-scope amendments.

Effect analysis

BC19 The IASB concluded that the benefits of the proposed amendments would outweigh the costs because they would:

(a) reduce diversity in how stakeholders interpret which entities are eligible to use the fair value option in IAS 28;

(b) affect only those eligible entities that elect to use the fair value option in IAS 28; and

(c) enable eligible entities to classify income and expenses from investments in associates and joint ventures in the statement of profit or loss in a way that provides useful information to users of financial statements.

Effective date and transition

BC20 In accordance with paragraph C7 of IFRS 18, an entity may, on initial application of that Standard, elect to measure investments in associates and joint ventures using the fair value option in IAS 28. The IASB concluded, therefore, that any amendments to the fair value option in IAS 28 would need to be effective on or before the effective date of IFRS 18 to enable entities to benefit from those amendments.

BC21 Aligning the effective date of the amendments with the effective date of IFRS 18 would allow entities to consider any effects on their reporting at the same time. The IASB, therefore, decided to require an entity to apply any amendments to paragraphs 18–19 of IAS 28 at the same time, and on the same basis, as it applies IFRS 18.

Alternative views on Exposure Draft *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*

Alternative views of Mr Gast, Mr Mackenzie and Mr Uhl

AV1 Mr Gast, Mr Mackenzie and Mr Uhl voted against the publication of the Exposure Draft because they disagree with the scope of the proposed amendments to the fair value option in IAS 28 *Investments in Associates and Joint Ventures*. As detailed in paragraph BC11 of the Basis for Conclusions, the IASB noted that making the option to measure investments in associates or joint ventures at fair value in accordance with IFRS 9 *Financial Instruments* (fair value option in IAS 28) available to all entities would enable an entity to provide the users of its financial statements with information in a way that, in the entity's view, is the most useful to those users. Mr Gast, Mr Mackenzie and Mr Uhl disagreed with the conclusions of the other members that the IASB should limit the scope of these amendments because, in their view, an unrestricted fair value option would be a more principle-based alternative.

AV2 By permitting particular entities to measure an investment in an associate or joint venture using the fair value option in IAS 28, the IASB recognises that fair value is a relevant measure for investments in associates and joint ventures. Mr Gast, Mr Mackenzie and Mr Uhl are aware of feedback from some users of financial statements confirming that fair value is a relevant measurement basis for investments in equity securities, including investments in associates and joint ventures. This view is also consistent with the approach taken in other IFRS Accounting Standards such as IFRS 9 and IAS 27 *Separate Financial Statements*, in which measurement at fair value through profit or loss is considered relevant for investments in equity securities. Therefore, Mr Gast, Mr Mackenzie and Mr Uhl have concluded that it is important to determine whether fair value measurement is only relevant for investments in associates or joint ventures held by particular entities.

AV3 Paragraph 18 of IAS 28 restricts the use of the fair value option to investments in associates and joint ventures held by, or held indirectly through, 'a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds'. Currently, IAS 28 does not define such entities, which has resulted in diversity in practice.

AV4 Mr Gast, Mr Mackenzie and Mr Uhl are of the opinion that the current restrictions to the scope of the fair value option in paragraph 18 of IAS 28 result not only in diversity in practice, but also in a financial reporting bias because only particular entities are permitted to elect the fair value option. In their view, the rationale for this bias has not been adequately explained. The IASB is proposing amendments to clarify which entities are eligible to elect the fair value option by aligning the requirement in paragraph 18 of IAS 28 with requirements in IFRS 18 that were intended for the classification of items in the statement of profit or loss, not the measurement of those items. Mr Gast, Mr Mackenzie and Mr Uhl see no conceptual reason for limiting the use of the fair value option to particular entities. In their view, it is unclear why an entity that invests in particular assets as a main business activity may elect the fair value option while other entities may not, particularly because the investment in an associate or joint venture is not required to be part of that main business activity of investing in particular assets. In their view, the proposed amendments would increase the aforementioned financial reporting bias. Although the proposed amendments would benefit some entities, Mr Gast, Mr Mackenzie and Mr Uhl have concluded that amendments that increase bias are, on balance, not an improvement to financial reporting. In their view, to improve financial reporting, the IASB should make the fair value option in IAS 28 available to all entities.

AV5 Another consequence of limiting the use of the fair value option to particular entities is that other entities do not have access to the same potential benefits, such as reduced measurement cost. For example, an unrestricted fair value option might benefit entities that have limited access to financial information about associates and joint ventures that are listed entities.

AV6 As noted in paragraph BC9, the IASB sought to ensure that any proposed amendments would minimise the risk of unintended consequences for other requirements in IFRS Accounting Standards. Mr Gast, Mr Mackenzie and Mr Uhl note that US generally accepted accounting principles permit all entities to elect a fair value option for investments in equity securities that would otherwise be accounted for under the equity method. They are not aware of any stakeholder concerns in that jurisdiction about either the preparation or use of financial information measured on that basis. Therefore, in their view, an unrestricted fair value option would not result in unintended consequences for other requirements.

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