

IASB - Mr Andreas Barckow
IASB Chair
Columbus Building
7 Westferry Circus - Canary Wharf
London E14 4HD

RO n°3

Paris, 3 April 2026

**Exposure Draft Amendments to the Fair Value Option for Investments in Associates and Joint Ventures
Proposed amendments to IAS 28**

Dear Chair,

The Autorité des Normes Comptables (ANC) welcomes the opportunity offered by the IASB to comment on its Exposure Draft published on 19 February 2026 of proposed amendments to the fair value option for investments in associates and joint ventures in IAS 28.

The ANC supports the IASB's decision to target the scope of the proposed amendments solely on the request primarily expressed by stakeholders, specifically within the insurance industry, to clarify the scope of entities eligible for the fair value option in paragraphs 18-19 of IAS 28, in order to have a timely solution available by the date of first application of IFRS 18 on 1 January 2027 (paragraphs 1-2 and 9-10). Considering jointly the stakes and the timing dimension, these proposals are therefore particularly appreciated.

The proposed clarification, based on establishing a link between the notion of "similar entities" in paragraphs 18 and 19 of IAS 28 and "those that have a main business activity of investing in particular types of assets" in paragraph 49(a) of IFRS 18 appears to be an effective way to address the specific concerns of the stakeholders to achieve a relevant classification of transactions within the "operating" category of the IFRS 18 statement of profit or loss (paragraphs 3-8). Besides, no significant risk of unintended consequences has been identified to date (paragraphs 11-12).

Should you wish to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,

Robert Ophèle
ANC Chair

Exposure Draft Amendments to the Fair Value Option for Investments in Associates and Joint Ventures
Proposed amendments to IAS 28
ANC Comment Letter - Appendix

This Appendix is structured as follows:

- . Question 1 - Proposed amendments to paragraphs 18-19 of IAS 28 (paragraphs 1-16);
- . Question 2 - Effective date and transition (paragraph 17).

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.

Scope of the proposed amendments

1. The ANC supports the scope targeted by the IASB for the amendments proposed in this Exposure Draft for two reasons. On the one hand, the objective of clarifying the scope of entities eligible for the fair value option in paragraphs 18-19 of IAS 28 is a concern identified by some stakeholders, particularly within the insurance industry, on which the ANC reported in its Comment Letter on the Exposure Draft on the equity method of accounting¹. On the other hand, the imminent first application of IFRS 18 on 1 January 2027 requires a timely response from the IASB, which can only be achieved by focussing on a limited number of issues, thereby reducing the risk that the proposed amendments would trigger unintended consequences, particularly among those entities already applying the fair value option in IAS 28. The ANC therefore supports the IASB's decision not to extend the scope of the current project to issues such as unrestricted fair value option (paragraph 2), or revocable fair value option (paragraphs 9-10).
2. The ANC acknowledges the arguments put forward by some IASB members in favour of considering the possibility of an unrestricted fair value option in IAS 28. While recognising the interest of raising this issue, the ANC is not aware of any widespread request of that type in its jurisdiction. In the first half of 2025, the ANC carried out an early consultation of its various committees on the issues that should be prioritised in the IASB's next Agenda Consultation and an unrestricted fair value option in IAS 28 was not mentioned as a possible priority. Although this lack of support may be less a sign of disinterest than a lack of awareness of the option, the ANC considers on balance that the IASB is right to limit at this stage the proposals in the Exposure Draft to the identified concerns. Introducing an unrestricted fair value option in IAS 28 would be premature in the short term, although the ANC recognises that this option could be reconsidered in the medium term should concrete needs arise.

Clarifying which entities are eligible to elect the fair value option

Scope of eligible entities

3. The exemption from the IAS 28 overarching requirement to measure investments in associates and joint ventures using the equity method in order to use fair value instead is an option reserved for a restricted scope of eligible entities listed in paragraph 18 of the standard². The fair value option relies on the view that, for the investments in associates and joint ventures held by eligible entities, "fair value measurement provides more useful information for users of the financial statements than would application of the equity method", as explained by paragraph BC12 of the Basis for Conclusions on IAS 28. Fair value is also a measurement basis that eligible entities often use to manage their investments. IAS 28 currently complements the term "and similar entities" concluding the list of eligible entities by specifying "including investment-linked insurance funds".
4. The usefulness of the fair value option for users is currently undermined by the diversity of restrictive or broader interpretations of the scope of eligible entities, particularly with regard to the meaning of "similar entities". Depending on the interpretation, the clarity of an entity's IFRS 18 statement of profit or loss may be obscured by the classification of revenue and expenses relating to a given main business activity being scattered between the "operating" and "investing" categories, particularly for assets measured at fair value, as is the case in the insurance industry. To clarify the meaning of "similar entities", the IASB proposes to remove the reference to "investment-linked insurance funds", i.e., to a specific type of eligible entity, to explain more broadly that "similar entities include those that have a main business activity of investing in particular types of assets", as defined in paragraph 49(a) of IFRS 18.

¹ ANC, Comment Letter on the Exposure Draft *Equity Method of Accounting* (January 2025), paragraph 54.

² Paragraph 18 of IAS 28 limits the fair value option to the measurement of an investment in an associate or a joint venture that "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."

5. The ANC supports the IASB's proposal to clarify the scope of the fair value option in IAS 28 by establishing a link between the notion of "similar entities" in paragraphs 18-19 of IAS 28 and "those that have a main business activity of investing in particular types of assets" in paragraph 49(a) of IFRS 18. This link is an effective means of addressing swiftly stakeholders' concerns.
6. The ANC observes that introducing in IAS 28 a reference to the IFRS 18 notion of main business activity not only clarifies the scope of the fair value option in IAS 28, but also extends that scope, since any entity that can demonstrate that it has "a main business activity of investing in particular types of assets" is eligible.

Partial use of the fair value option

7. When an investor holds an interest in an associate, and a portion of that associate is held indirectly by an entity eligible to the fair value option in the meaning of paragraph 18 of IAS 28, paragraph 19 of the standard provides that the investor may elect to measure that portion of the associate at fair value, regardless of whether the eligible entity has significant influence over that portion of the associate. Paragraph 19 further explains that if the investor applies the fair value option to that portion of the associate, it applies the equity method to any remaining portion of the associate that is not held through an eligible entity. The requirement described in paragraph 19 of IAS 28 is sometimes referred to as *partial use of the fair value option* or *split accounting*. The proposals in the Exposure Draft do not change the requirements of paragraph 19 and merely remove, as in paragraph 18, the reference to "investment-linked insurance funds", which currently follows each reference to "similar entities".
8. The ANC does not believe that the requirements of paragraph 19 of IAS 28 are changed by the amendments proposed in the Exposure Draft. However, many stakeholders, particularly in the insurance industry, observe that the extension of the scope of the fair value option resulting from the link made in paragraph 18 between the notion of "similar entities" and "those that have a main business activity of investing in particular types of assets" in paragraph 49(a) of IFRS 18, is likely to capture, through paragraph 18, most of the entities to which the fair value option in IAS 28 is applicable and to make the application of paragraph 19 less frequent. Nevertheless, the ANC does not recommend removing paragraph 19 of IAS 28.

Using the fair value option in IAS 28

9. Paragraph 18 of IAS 28 provides that an entity exercising the fair value option "shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture", consistently with similar requirements in IFRS 9. The IASB decided not to consider, as part of the current project, whether or not to make the fair value option in IAS 28 revocable.
10. The ANC observes that this question lies beyond the scope of the project and agrees with the IASB's decision. Furthermore, the ANC is not aware of any requests within its jurisdiction to make the fair value option in IAS 28 revocable.

Assessment of unintended consequences

11. The ANC has not identified situations where the extension of the scope of the fair value option in IAS 28 resulting from the proposed amendments (paragraph 6) would trigger unintended consequences among those entities already applying the fair value option.
12. Also, the ANC considers that there is a limited risk that the extension of the scope of the fair value option in IAS 28 could be used opportunistically. Indeed, the risk of abuse appears to be limited by the high hurdle represented simultaneously by the need to justify a main business activity, the ability to reliably measure fair value, and the irrevocable nature of the option, which commits the entity to bear both positive and negative changes in fair value.

Effect analysis

13. The ANC agrees with the conclusion of the IASB's effect analysis that the cost-benefit ratio of the proposed amendments is expected to be favourable. The solution proposed by the IASB to align the scope of investments eligible for the fair value option in paragraphs 18-19 of IAS 28 with that of assets in which an entity invests as part of a main business activity within the meaning of paragraph 49(a) of IFRS 18 should reduce diversity in interpretations and improve the relevance of the resulting information for users. Furthermore, the targeted scope of the proposed amendments limits the risk of unintended consequences.

Interactions with IFRS 18

14. The ANC understands that the IASB's proposals pertain exclusively to IAS 28. However, the ANC decided to mention in this Comment Letter two interactions between the proposals of the Exposure Draft and IFRS 18 highlighted by some stakeholders.
15. Firstly, some stakeholders noted that the link established by the proposed amendments to paragraph 18 of IAS 28 between the notion of "similar entities" and "those that have a main business activity of investing in particular types of assets" in paragraph 49(a) of IFRS 18 raises questions on the narrower or broader meaning of "particular types of assets" in IFRS 18. Most of these stakeholders expressed the view that the "particular types of assets" at stake cover a wider range of investments.
16. Secondly, most stakeholders noted that according to paragraph 55 of IFRS 18, only the assets accounted for under the fair value option of IAS 28 "that an entity invests in as a main business activity" would be classified in the "operating" category of the IFRS 18 statement of profit or loss.

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.

17. The ANC agrees with the IASB's proposal 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.