



5 December 2025

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON THE IASB EXPOSURE DRAFT**  
**Risk Mitigation Accounting**  
**Proposed amendments to IFRS 9 and IFRS 7**

***Comments to be received by 1 June 2026***

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the International Accounting Standards Board (IASB) Exposure Draft (ED) *Risk Mitigation Accounting – Proposed amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures*. The ED package, comprising the IASB's detailed proposals, basis for conclusions, illustrative examples and implementation guidance, along with a snapshot providing a high-level summary of the proposals, is available on the Institute's [website](#).

The proposed Risk Mitigation Accounting (RMA) model responds to feedback from financial institutions and investors that the current hedge accounting requirements in IFRS 9 or IAS 39 *Financial Instruments: Recognition and Measurement* do not adequately reflect how interest rate risk is managed in practice. The model aims to provide greater transparency into how interest rate risk management affects financial performance and future cash flows in a dynamic environment.

Key proposals in the Exposure Draft

To integrate the RMA model and enhance disclosures about interest-rate risk management activities, the IASB proposes amendments to IFRS 9 and IFRS 7 in the following areas:

- Objective and scope of RMA
- Underlying portfolios
- Determining the net repricing risk exposure
- Designated derivatives
- Risk mitigation objective and benchmark derivatives
- Recognising and measuring the risk mitigation adjustment
- Discontinuation of RMA
- Disclosure requirements

In addition, the IASB proposes withdrawing the macro hedge accounting requirements in IAS 39 and the option in IFRS 9.6.1.3 that permits entities to apply the requirements in IAS 39 to a portfolio hedge of interest rate risk.

Impact on entities in Hong Kong

The IASB's proposals on RMA could significantly impact entities, particularly banks, that currently apply the hedge accounting under IFRS 9 or IAS 39 to account for their dynamic risk management activities. Although adoption is optional, entities would need to assess whether the RMA model could provide a better reflection of the economic effects of their risk management activities in their financial statements. Transitioning to RMA would impact not only financial reporting but also operational processes, requiring substantial changes to systems, documentation and disclosures.

Other entities, such as insurers, also manage repricing risk. The IASB is also seeking feedback from insurance companies and will decide the next steps for them after considering the responses received.

How to submit comments

The FRSC invites your comments on the Exposure Draft by **1 June 2026** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
37<sup>th</sup> Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

Fax number (+852) 2865 6776

E-mail: [commentletters@hki CPA.org.hk](mailto:commentletters@hki CPA.org.hk)

Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.

In addition to inviting comments on the proposals in the ED, the IASB is also inviting companies that manage repricing risk on a net basis to participate in fieldwork to assess the likely effects of the proposed RMA model. Financial institutions and other interested parties are encouraged to test the model and provide practical feedback. Please refer to [Request for Fieldwork](#) for further information and contact the Institute if interested.