EFRAG's draft response on IFRS 9 hedge accounting: what it says and what it asks the IASB to look at

25 November 2026 · 6 min read · blogs.iictp.org/efrag-draft-response-iasb-hedge-accounting-review-explained

Short answer: EFRAG, the European Financial Reporting Advisory Group, has published a draft response to the IASB's review of hedge accounting. According to XBRL International's 20 November 2026 summary, EFRAG finds the IFRS 9 requirements "appear largely to work as intended" for non-financial companies and for financial institutions that have adopted them, but warns the evidence is incomplete because banks mostly still apply IAS 39 hedge accounting, notably because of an EU carve-out.

TL;DR The short version

- EFRAG's draft response to the IASB's hedge accounting review says the IFRS 9 rules appear largely to work as intended.
- It warns the evidence is incomplete because banks mostly still apply IAS 39 hedge accounting, notably under an EU carve-out; views on IFRS 7 disclosures are mixed.
- Preparers can map which hedge relationships rely on IAS 39 or IFRS 9 and check whether IFRS 7 disclosures need manual work.

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What is the IASB's hedge accounting review?

The IASB reviews how new standards work after they have been in use, a step called a post-implementation review. Hedge accounting lets a company reflect risk-management hedges in its financial statements. EFRAG's draft response is its contribution to that review from a European perspective. This post draws on XBRL International's summary, not on EFRAG's full document, which I did not read.

What EFRAG says, as summarised

- **Overall:** IFRS 9 hedge accounting appears largely to work as intended for non-financial companies and for financial institutions that adopted it.
- **Caveat:** evidence is incomplete, because banks largely still apply IAS 39 hedge accounting, notably because of an EU carve-out, a European modification of the older rules.
- **Where to look first:** EFRAG asks the IASB to examine the highly probable requirement, hedging credit risk, rebalancing, and designating the risk-free rate component of IFRS 17 assets and liabilities, where it reports application problems and diversity in practice.

IFRS 7 disclosures

Views are mixed. Some respondents find the hedge accounting disclosures more decision-useful. Others point to granularity and aggregation that vary so widely they limit comparability, lengthy boilerplate and a lack of context. Some preparers say their IT systems cannot generate the data automatically, so they calculate it by hand.

The data and taxonomy angle

XBRL International notes these are familiar symptoms of disclosure that is hard to compare at scale. It suggests that if the IASB revisits IFRS 7, clearer expectations on what to disclose and at what detail could be reflected in the IFRS Accounting Taxonomy, so tagged hedging data would be more consistent across companies. That is XBRL International's view, not EFRAG's.

Limitations and open questions

- This is a draft response, so the final text may differ.
- The summary does not say how many respondents or what consultation period applies.
- I did not read the draft response itself; check EFRAG's publication and the IASB's review page for details. Sources were read on 25 November 2026. Products, rules and standards change, so check the linked originals before you rely on any detail.

What preparers and auditors can do now

1. Map your hedge relationships and note which rely on IAS 39 carve-out rules or on IFRS 9.
2. Check whether your systems can produce IFRS 7 hedging disclosures without manual calculation.
3. If you have a view on the highly probable requirement, credit-risk hedging or rebalancing, consider responding to the IASB.
4. Watch the final EFRAG response and the IASB's next steps.

What it means for CAs and finance teams

The message is mostly reassurance with a gap flagged: the evidence base is thin because many banks are still on the old rules. For preparers outside banking, the practical issue is disclosure data and systems, which is also where tagging and taxonomy work shows up. See FASB taxonomy changes for equity-linked contracts for another standard-setter and taxonomy item.

Frequently asked questions

- **What did EFRAG conclude?** That IFRS 9 hedge accounting requirements appear largely to work as intended, with the evidence being incomplete.
- **Why is the evidence incomplete?** Banks largely still apply IAS 39 hedge accounting, notably because of an EU carve-out.
- **What does EFRAG want the IASB to look at first?** The highly probable requirement, credit-risk hedging, rebalancing and the risk-free rate component of IFRS 17 items.
- **Is this final?** No, it is a draft response.

Related reading

- FASB taxonomy changes for equity-linked contracts
- SEC Chief Economist on AI and disclosure
- Certified Technical Practitioner

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Sources and further reading

1. XBRL International. EFRAG says hedge accounting largely works. 20 November 2026. xbrl.org/news/efrag-says-hedge-accounting-largely-works

Published by IICTP, an independent technical credential body, on 25 November 2026. The current version of this post is at https://blogs.iictp.org/efrag-draft-response-iasb-hedge-accounting-review-explained. More guides: blogs.iictp.org.