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**Financial Reporting Technical  
Committee**

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Berlin, 20 April 2026

Dear Andreas,

**IASB ED/2026/1 Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Proposed amendments to IAS 28)**

On behalf of the Accounting Standards Committee of Germany, I am writing to comment on ED/2026/1 *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Proposed amendments to IAS 28)*, issued by the IASB on 19 February 2026 (herein referred to as 'ED'). We appreciate the opportunity to comment on the proposals.

We understand that the primary intention of the ED is to focus on the issues identified by stakeholders concerning the lack of clarity about the meaning of 'similar entities including investment-linked insurance funds' in IAS 28.18-19 and the different interpretations of the relationship between the scope of the requirements in IAS 28 and IFRS 18.

While we welcome the intention of the IASB to provide a solution in time for the change to be available to entities by the effective date of IFRS 18, we do not support the proposal of limiting the scope of the fair value option in IAS 28 to certain entities. Thus, we support the alternative views expressed in the ED that consider an unrestricted fair value option to be a more principles-based alternative.

We want to highlight that an unrestricted fair value option would also mitigate many of the existing application challenges of the equity method touched on in ED/2024/7 *Equity Method of Accounting (IAS 28 Investments in Associates and Joint Ventures (revised 202x))* for any entity that elects the fair value option in IAS 28. In this way, it would be easier for preparers to apply and contribute to reducing the existing diversity in practice in the application of IAS 28 as well as to increasing the comparability of reported information.

We could support the IASB's limited proposals if more importance is given to the timing constraints arising from the intended alignment with IFRS 18 than to conceptual considerations for a more comprehensive change.

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In this case, we strongly recommend that, in its forthcoming agenda consultation and outside of the process of finalising the proposed amendments, the IASB considers seeking stakeholders' views on whether to have an unrestricted fair value option in IAS 28 for all entities.

For more details on our findings on the specific proposals in the ED, we refer to our responses to the questions which are laid out in the appendix to this letter. If you would like to discuss our comments further, please do not hesitate to contact Peter Zimniok ([zimniok@drsc.de](mailto:zimniok@drsc.de)) or me.

Yours sincerely,

*Sven Morich*

Vice President

## Appendix – Answers to the questions in the ED

### **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.

We welcome the intention of the IASB to provide a solution in time for the change to be available to entities by the effective date of IFRS 18, but we **do not support** the proposal of **limiting the scope** of the fair value option to certain entities.

When considering the proposals in the ED, we did not identify any conceptual reasons for limiting the scope of the fair value option in IAS 28 to certain entities. We are convinced that allowing all entities to measure investments in associates or joint ventures at fair value in accordance with IFRS 9 would enable them to provide information in a manner that, from the entity’s perspective, is most useful to the users of its financial statements. This includes the decision, whether, in accordance with IFRS 9, such an investment is measured at fair value through profit or loss or through OCI. Additionally, as an unrestricted fair value option is permitted under US GAAP and no stakeholder concerns in that jurisdiction about either the preparation or use of financial information measured on that basis are known to us, we think that it would be reasonable to also expect no unintended consequences for other requirements in IFRS.

Therefore, we are supportive of the alternative views expressed in the ED by the Board members Mr Gast, Mr Mackenzie and Mr Uhl, who consider an unrestricted fair value option to be a more principles-based alternative.

We want to highlight that an unrestricted fair value option would also mitigate many of the existing application challenges of the Equity Method touched on in ED/2024/7 for any entity that elects the fair value option in IAS 28. In this way, it would be easier for preparers to apply and contribute to reducing the existing diversity in practice in the application of IAS 28 requirements as well as to increasing the comparability of reported information.



We could **support** the IASB's limited proposals if more importance is given to the timing constraints arising from the intended alignment with IFRS 18 than to conceptual considerations for a more comprehensive change.

In this case, we strongly recommend that, in its forthcoming agenda consultation and outside of the process of finalising the proposed amendments, the IASB considers seeking stakeholders' views on whether to have an unrestricted fair value option in IAS 28 for all entities, as this would be a more principles-based approach.

Further, we have to note that the ED does not address the 'split accounting' practiced by some insurers, e.g. with regard to the possibility of grandfathering. Furthermore, we are aware that already different interpretations of the proposed requirements of the ED exist, particularly regarding the interpretation of paragraph BC16 concerning the scope of investments eligible for the fair value option. That is, whether an entity can apply the fair value option for: (a) all investments in associates and joint ventures if the entity invests in particular types of assets as one of its main business activities; or (b) only those investments in associates and joint ventures that are part of the specific main business activity of investing in particular assets. We think that clarification by the IASB is necessary for a consistent application of the amendments.

**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.

We **agree** with the proposed requirement for an entity to apply any amendments to IAS 28.18-19 at the same time, and on the same basis, as it applies IFRS 18.

To enable entities to benefit from the amendments to the fair value option in IAS 28, those amendments 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. We think that the timeline the IASB is envisaging provides the necessary time for jurisdictions to complete their endorsement of these amendments and for entities to prepare for electing the fair value option on initial application of IFRS 18.

Having said that, we think that the more principles-based approach of providing an unrestricted fair value option in IAS 28, is also feasible to be finalised and implemented within the same timeframe. As stated in our answer to Question 1, we identified no conceptual reasons for



limiting the scope of the fair value option to certain entities and think that no unintended consequences for other requirements would result.