Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Memorandum

To:	John Kensington, Chair External Reporting Board
From:	Carolyn Cordery, Chair NZASB
Copy to:	Wendy Venter, Chief Executive External Reporting Board
Subject:	**Certificate Signing Memorandum – Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to NZ IAS 28)**
Date:	17 August 2026

☒ **Action Required** ☐ **For Information Purposes Only**

Action requested

1. The NZASB seeks your approval to issue *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to NZ IAS 28)* (XRB 2026/61) (the standard).

Recommendation

2. The NZASB recommends that you sign the attached certificate of determination on behalf of the XRB Board.

3. Please notify the Chief Executive, copy myself, once you have signed the certificate of determination.

The milestones in the development of the standard

International process

4. The International Accounting Standards Board (IASB) [1] issued Exposure Draft ED/2026/1 Title (ED/2026/1) in February 2026.

5. Stakeholders informed the IASB of diversity in how the requirements for the fair value option in IAS 28 *Investments in Associates and Joint Ventures* 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*.

6. Stakeholders 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

[1] This memo refers to the work of the International Accounting Standards Board (IASB) and uses registered trademarks of the IFRS Foundation (for example, IFRS® Accounting Standards, IFRIC® Interpretations and IASB® papers).

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

7. The narrow-scope amendments clarify which entities are eligible to measure investments in associates and joint ventures using the fair value option in IAS 28 by linking these to entities that have main business activities of investing in assets as defined in IFRS 18.

8. The amendments impact the following paragraphs of IAS 28:

   (a) **Paragraph 18 –** Adds in clarification that "similar entities" include those that have a main business activity of investing in particular types of assets and adds in reference to IFRS 18. Remove examples and references to investment-linked insurance funds and removes reference to IFRS 17 around defined terms.

   (b) **Paragraph 19 –** Remove references to investment-linked insurance funds.

   (c) **Paragraph 45M –** Adds in new commencement and application wording to explain these amendments must be applied when an entity applies IFRS 18.

9. The IASB's consultation period was between February 2026 and April 2026 and the IASB received 81 submissions on the ED.

10. The NZASB submitted their comment on the ED in April 2026 which supported these amendments but also requesting further clarity around how they interact with IFRS 18 principles to best assist entities in their transition. No other New Zealand constituents made a submission directly to the IASB.

11. The Chair of the NZASB also participated in the Accounting Standard Advisory Forum (ASAF) in March 2026 where she communicated New Zealand feedback on the proposals directly to the IASB.

12. Following its consideration of comments from constituents, the IASB reconsidered the proposals, made refinements and finalised the requirements. The final requirements in the IASB's standard are similar to the proposals in the ED, with some additional explanations included in the Basis for Conclusions to acknowledge and explain the IASB's rationale in response to the concerns raised in the NZASB's comment letter.

13. The IASB standard was approved with affirmative votes of 12 out of 13 IASB members in May 2026. One IASB member abstained in view of their recent appointment to the IASB. The IASB reviewed the due process steps that it had taken since the publication of the ED and concluded that the applicable due process steps had been completed.

14. The IASB issued *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)* in June 2026, which is mandatory for annual periods beginning on or after 1 January 2027, which is the same mandatory date for IFRS 18 *Presentation and Disclosure in Financial Statements*.

Domestic process, including a summary of the major issues raised by stakeholders and the conclusions reached

15. The NZASB consulted on the IASB's ED by holding a discussion on the proposals and impacts on New Zealand entities with the Accounting Technical Reference Group (TRG) in March 2026. The feedback supported these proposals but also requested further clarity around how they interact with IFRS 18 principles to best assist entities in their transition.

16. The NZASB did not receive any comment letters from New Zealand constituents during the consultation period.

17. The NZASB noted that the final requirements in the IASB's standard are similar to the proposals in the ED, with some additional explanations included in the Basis for Conclusions to acknowledge and explain the IASB's rationale in response to the concerns raised in the NZASB's comment letter. Other comments raised by the NZASB have not been addressed by the IASB when finalising these requirements, primarily due to this being a narrow-scope project and IASB deliberately not wanting to expand the scope of the project.

18. On 6 August 2026, the NZASB agreed to issue *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to NZ IAS 28)* subject to your agreement to sign the attached Certificate Signing Memorandum. The standard was approved with affirmative votes of 9 out of 9 NZASB members.

19. The standard is identical to amendments included in the amending standard *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)* issued by the IASB, which ensures international harmonisation with full IFRS Accounting Standards.

20. The only local modifications made to the standard are:

    (a) A New Zealand specific introduction, formatting and numbering; and

    (b) New Zealand specific wording for the commencement and application of the standard and other minor changes to align with best practice legislative guidelines in New Zealand.

Compliance with due process requirements

21. The XRB published the IASB ED on the XRB website when it was issued and notified New Zealand stakeholders of these proposals. The due process followed by the NZASB followed international processes where applicable.

22. We consider that the process followed by the NZASB complied with the due process requirements established by the XRB Board, including the consultation requirements of section 22 of the Financial Reporting Act 2013.

Statement of Performance Expectations

23. The XRB has committed in the [2026/27 Statement of Performance Expectations] to issue all relevant international standards in line with the XRB's convergence and harmonisation policy with these standards being issued a minimum of 6-12 months, depending on the significance, before the effective date.

24. The IASB released the *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)* on 26 June 2026 with an effective date of 1 January 2027. The effective date was chosen to align with the effective date of IFRS 18, as the amendments made are done with the purpose of assisting entities when they transition to IFRS 18.

25. The XRB expects to issue the standard on 21 August 2026, about four months before it applies on 1 January 2027. While this is less than the minimum six-month period referred

to in the XRB's 2026/27 Statement of Performance Expectations, the NZASB considers the timeframe sufficient because the amendments are narrow in scope and only clarify existing requirements.

26. We consider the effective date of 1 January 2027 to be appropriate for New Zealand as this will ensure that the NZ IFRS Accounting Standards remain aligned with IFRS Accounting Standards and will allow for Tier 1 for-profit entities to continue to asset compliance with IFRS Accounting Standards.

27. The NZASB do not consider that New Zealand stakeholders will require significant time or effort to understand these amendments, given they are targeted clarifications to existing requirements. The shorter four-month period before the effective date is therefore not expected to affect entities' ability to implement the standard effectively.

An explanation of how the standard is consistent with the XRB Board's financial reporting strategy

28. The adoption of the standard is consistent with all three elements of the XRB Board's Financial Reporting Strategy: it adopts the international standard, retains a harmonised position with Australia for Tier 1 for-profit entities and is consistent with the current Accounting Standards Framework.

29. This standard does not establish any new disclosure requirements. As such, we do not plan to consult and seek feedback on any proposed Tier 2 disclosure requirements.

Review of the standard as required by the Regulatory Standards Act 2025 (RS Act)

The standard has been reviewed as required by the RS Act

30. The standard and the process for developing it has been reviewed and assessed in accordance with the RS Act, including as to consistency with the principles of responsible regulation set out in under that Act.

31. For the purposes of the RS Act, no inconsistencies have been identified.

32. Full details of the review and assessment are set out in the Regulatory Standards Act Assessment document for this standard.

Benefits and costs have been considered in line with the RS Act

33. The review and assessment included a review of the benefits and costs of the standard as provided for by the RS Act.

34. For the purposes of the RS Act, it is considered that the benefits exceed the costs.

Consistency Accountability Statement

35. We have sent a memorandum to the Chief Executive recommending that the Chief Executive signs the consistency accountability statement as required by the RS Act on the basis of the review and assessment referred to in paragraphs 30-34 above.

36. The Chief Executive will confirm by email when she is ready to make the consistency accountability statement.

Whether it was necessary to consult with the Privacy Commissioner under section 22(2) of the Financial Reporting Act 2013, and if so, the outcome of that consultation.

37. The Financial Reporting Act 2013, section 22(2) requires that the External Reporting Board consult with the Privacy Commissioner where an accounting or assurance standard is likely to require the disclosure of personal information.

38. No such consultation is required in relation to this standard.

We considered the Australian developments and harmonisation

39. External Reporting Australia (ERA) is expected to approve a new Australian amending standard based on *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)* soon to amend AASB 28 *Investments in Associates and Joint Ventures*.

40. This will maintain alignment with NZ IFRS with Australian and IFRS requirements.

Any other matters the technical board considers should be drawn to the attention of the XRB Chair or the designated alternate

41. There are no other matters relating to the issue of this standard that the NZASB considers to be pertinent or that should be drawn to your attention.

Attachments

- *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to NZ IAS 28)*
- Certificate of determination
- Consistency Accountability Statement Assessment File Note

Dr Carolyn Cordery
Chair NZASB