IFRS® Accounting

June 2026

Amendments to IAS 28

IFRS® Accounting Standard

Amendments to the Fair Value Option for Investments in Associates and Joint Ventures

International Accounting Standards Board

Amendments to the Fair Value Option for Investments in Associates and Joint Ventures

Amendments to IAS 28

Amendments to the Fair Value Option for Investments in Associates and Joint Ventures is issued by the International Accounting Standards Board (IASB).

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CONTENTS

Amendments to IAS 28 *Investments in Associates and Joint Ventures*

Paragraphs 18–19 are amended and paragraph 45M is added. Added text is underlined and deleted text is struck through.

Application of the equity method

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Exemptions from applying the equity method

...

18 When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, ~~or a~~ mutual fund, unit trust or ~~and~~ similar entity ~~entities including investment-linked insurance funds~~, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9. Similar entities include entities that have a main business activity of investing in particular types of assets (see paragraph 49(a) of IFRS 18). ~~An example of an investment-linked insurance fund is a fund held by an entity as the underlying items for a group of insurance contracts with direct participation features. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features.~~ An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. ~~(See IFRS 17 *Insurance Contracts* for terms used in this paragraph that are defined in that Standard.)~~

19 When an entity has an investment in an associate, a portion of which is held indirectly through a venture capital organisation, ~~or a~~ mutual fund, unit trust or ~~and~~ similar entity ~~entities including investment-linked insurance funds~~, the entity may elect to measure that portion of the investment in the associate at fair value through profit or loss in accordance with IFRS 9 regardless of whether the venture capital organisation, ~~or the~~ mutual fund, unit trust or ~~and~~ similar entity ~~entities including investment-linked insurance funds,~~ has significant influence over that portion of the investment. If the entity makes that election, the entity shall apply the equity method to any remaining portion of its investment in an associate that is not held through a venture capital organisation, ~~or a~~ mutual fund, unit trust or ~~and~~ similar entity ~~entities including investment-linked insurance funds~~.

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Effective date and transition

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45M *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*, issued in June 2026, amended paragraphs 18–19. An entity shall apply these amendments in accordance with paragraph C7 of IFRS 18 when it applies IFRS 18. If an entity has elected to apply IFRS 18 for an earlier period in accordance with paragraph C1 of IFRS 18, and that earlier period begins before the issuance of these amendments, the entity shall apply the amendments, in accordance with paragraph C7 of IFRS 18, for the reporting period ending on or after the issuance of the amendments.

Approval by the IASB of *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures* issued in June 2026

Amendments to the Fair Value Option for Investments in Associates and Joint Ventures was approved for issue by 12 of the 13 members of the International Accounting Standards Board (IASB). Ms Chen abstained in view of her recent appointment to the IASB.

Andreas Barckow	Chair
Linda Mezon-Hutter	Vice-Chair
Nick Anderson	
Patrina Buchanan	
Tadeu Cendon	
Yu Chen	
Florian Esterer	
Zach Gast	
Hagit Keren	
Bruce Mackenzie	
Bertrand Perrin	
Rika Suzuki	
Robert Uhl	

Amendments to the Basis for Conclusions on IAS 28 *Investments in Associates and Joint Ventures*

Paragraphs BC19J–BC19S and the related heading are added. For ease of reading, new text is not underlined.

Application of the equity method

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Exemptions from applying the equity method: entities eligible to measure an associate or joint venture at fair value (amendments issued in June 2026)

BC19J In June 2026, the Board issued *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*. The amendments clarify which entities are eligible to measure investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 (the fair value option in IAS 28). The Board decided to issue these amendments because stakeholders, particularly those in the insurance industry, informed it about diversity in how the requirements for the fair value option in IAS 28 were being applied. The stakeholders also informed the Board about 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*.

BC19K The Board considered whether to respond to stakeholders' concerns by making the fair value option available to all entities, instead of restricting it to particular entities. However, the Board instead decided to develop amendments that focus only on the concerns identified, which were:

(a) the lack of clarity about the meaning of 'similar entities including investment-linked insurance funds' and how narrowly or broadly that description should be interpreted; and

(b) the different interpretations of the relationship between the scope of the fair value option in IAS 28 and the requirements in IFRS 18 referring to specified main business activities.

BC19L The Board took the view that to resolve stakeholders' concerns, amendments to the fair value option in IAS 28 should:

(a) be narrow in scope and focused on the concerns described in paragraph BC19K;

(b) not affect entities that already use the fair value option in IAS 28; and

(c) minimise the risk of unintended consequences for other requirements in IFRS Accounting Standards.

BC19M The Board concluded that clarifying the meaning of a 'similar entity' using the requirements in IFRS 18 that refer to specified main business activities would achieve the objectives set out in paragraph BC19L. The Board therefore decided to clarify that, for the purpose of applying paragraphs 18–19 of

IAS 28, similar entities include entities that have a main business activity of investing in particular types of assets (referred to hereafter as 'investing in assets') as set out in paragraph 49(a) of IFRS 18. The Board also concluded that, by making this clarification, it could delete the example of an investment-linked insurance fund from paragraphs 18–19 of IAS 28.

BC19N The Board considered further refining the clarification so that a 'similar entity' could elect to use the fair value option only if it invests in those associates and joint ventures as a main business activity (as set out in paragraph 55 of IFRS 18). However, the Board observed that such a restriction does not exist for other entities eligible to use the fair value option in IAS 28 such as venture capital organisations, mutual funds or unit trusts. Those types of entities can elect to use the fair value option for any of their investments in associates or joint ventures because eligibility for the fair value option depends on the nature of the entity holding the investment, not the purpose for which it holds the investment. The Board concluded that requiring use of the fair value option to depend on both the nature of the entity holding the investment and the purpose for which that entity is holding it would add unnecessary complexity for entities and inconsistency within IAS 28.

BC19O The Board further concluded that, although the clarification in BC19M would permit all entities that have a main business activity of investing in assets to use the fair value option in IAS 28 for any of their investments in associates and joint ventures, it would still be appropriate to clarify the meaning of a 'similar entity' in paragraphs 18–19 of IAS 28 by referencing the requirements in paragraph 49(a) of IFRS 18.

BC19P The Board observed that income and expenses from investments in associates and joint ventures measured using the fair value option in IAS 28 are not necessarily classified in the operating category when applying IFRS 18. An entity that has a main business activity of investing in assets as set out in paragraph 49(a) of IFRS 18 also needs to apply paragraphs 53 and 55 of IFRS 18 to determine the classification of income and expenses from its investments in associates and joint ventures. Therefore, if an entity does not invest in an associate or joint venture as a main business activity, it classifies income and expenses from that investment in the investing category, even if the investment is measured at fair value.

BC19Q Many respondents to the Board's proposals suggested that the Board clarify how the requirements apply to group entities that hold investments in associates or joint ventures indirectly through an entity that has a main business activity of investing in assets. The Board concluded that it did not need to change any requirements in this respect, noting that eligibility for the fair value option in IAS 28 depends on the nature of the entity holding the investment in an associate or joint venture. Therefore, the entity holding the investment in an associate or joint venture is the entity that needs to have a main business activity of investing in assets in order to elect the fair value option. The fair value option remains available if the entity holding the investment is included in consolidated financial statements, regardless of whether the parent entity also has a main business activity of investing in assets.

BC19R The Board noted that the main business activity assessment in IFRS 18 is made for the reporting entity as a whole. Therefore, if, for the purposes of its consolidated financial statements, a parent entity (as the reporting entity) determines that it does not invest in associates and joint ventures as a main business activity, the income and expenses from any investments in associates or joint ventures would be classified in the investing category, regardless of how those investments are measured.

BC19S In accordance with paragraph C7 of IFRS 18, an entity may, on initial application of that Standard, elect to measure investments in associates and joint ventures using the fair value option in IAS 28. The Board, therefore, decided to require an entity to apply the amendments to paragraphs 18–19 of IAS 28 at the same time, and on the same basis, as it applies IFRS 18.

IFRS Foundation

Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD, UK

Tel +44 (0) 20 7246 6410
Email customerservices@ifrs.org

ifrs.org