

**EFRAG**

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Our ref: RJ-EFRAG 641 C
Direct dial: +31 (0)88 4960391
Date: Hoofddorp, April 7, 2026
Re: DASB reaction to EFRAG Draft Comment Letter on IASB Exposure Draft ED/2026/1 'Amendments to the fair value option for investments in associates and joint ventures'.

Dear members of the EFRAG Technical Expert Group,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to provide a response to the EFRAG Draft Comment Letter on the Exposure Draft ED/2026/1 'Amendments to the fair value option for investments in associates and joint ventures', issued by the IASB in February 2026.

In general, we welcome the ED's initiative to clarify the application of the fair value option and find a solution for the presentation mismatch that may occur in certain industries, especially the insurance industry, upon the application of IFRS 18. The DASB does have some concerns with the IASB's proposals, which may need to be further addressed in the EFRAG final comment letter, that are specified below:

- We support the work of the IASB to find a solution for the insurance industry, where a mismatch may arise following the implementation of IFRS 18. We also support the need to address this on short notice and are of the opinion that the effective date for these amendments should coincide with the effective date of IFRS 18, i.e. 1 January 2027. As these amendments also need to be endorsed in time to ensure that they can be applied at the same time as IFRS 18, time is of the essence. However, we also believe that clear, consistent and high-quality standard setting by the IASB is of critical importance.
- The solution as currently included in the proposed amendments could in our view result in more diversity in practice and distorts the level playing field between companies that do have a main business activity of investing in particular assets and those that don't, as it opens up the use of the fair value option to far more entities than those active in the insurance industry. We are of the opinion that the current proposals primarily solve a presentation mismatch for insurers through a change of measurement principles.
- We underwrite the dissenting views of the IAS members that the IASB is proposing amendments to clarify which entities are eligible to elect the fair value option by aligning the requirement in paragraph 18 of IAS 28 with requirements in IFRS 18 that were intended for the classification of items in the statement of profit or loss, not the measurement of those items. Furthermore, the IASB in our opinion does not appropriately articulate why an entity that invests in particular assets as a main business

activity may elect the fair value option, while other entities may not. Particularly because the investment in an associate or joint venture is not required to be part of that main business activity of investing in particular assets. In their view, the proposed amendments would increase the aforementioned financial reporting bias. We do support the views of EFRAG and the IASB that allowing fair value accounting for all investments in associates and joint ventures would require more outreach and would be difficult to achieve in a fast-track project.

- We see there are three possible solutions to assist the insurance industry in solving the presentation mismatch:
 - View 1: Allow the fair value option only for those investments in associates or joint ventures that are part of the investing Main Business Activity;
 - View 2: Allow the fair value option for all investments in associates or joint ventures that are held by an entity that has an investing Main Business Activity (IASB/EFRAG position);
 - View 3: Allow the fair value option for all investments in associates or joint ventures (dissenting opinions)
- As DASB we would be largely in favor of View 1 presented above, especially since the assessment whether these investments are part of the main business activity needs to be made anyway as this drives the decision whether the resulting fair value changes will be presented in the operating category or in the investing category under IFRS 18.
- We note that View 2 may result in more diversity in practice and does not result in a level playing field. As this would allow a conglomerate entity that has both an investing Main Business Activity and a non-investing Main Business Activity, to use fair value accounting for any of its investments in associates and joint ventures. While a company only active in a non-investing Main Business Activity would not have such a choice. For example a conglomerate consisting of a construction company and a real estate developer could also elect to account for its construction associates and joint ventures at fair value, whereas an entity that only has construction activities would not have such option. Should View 2 be elected by the IASB, this would need further clarification in the final amendments.
- Conceptually, we do not see an appropriate justification for View 2, and believe that in the short term View 1 should be applied and View 3 would require further assessment. However, practically the IASB may assess if View 2 would in practice not result in a significant distortion and the practical impact of the lack of a level playing field may justify the adoption of View 2 due to the time constraints to come to a speedy resolution of the matter at hand.

Other comments:

- We believe that the presentation mismatch could alternatively have been resolved by amending IFRS 18 paragraph 55. IFRS 18.55 addresses the presentation of associates and joint ventures for entities with an investing Main Business Activity. For these entities associates and joint ventures accounted for applying the equity method are presented in the investing category, while associates and joint ventures not accounted for applying the equity method are presented in the operating category. This paragraph could be amended by also presenting associates and joint ventures which primarily hold investing assets that are measured at fair value through profit or loss (as part of applying the equity method) in the operating category.
- Some further assessment may be necessary based on the clarity of and interaction between par. 18 and 19 of IAS 28:

- Paragraph 18 refers to “similar entities” that have an investing Main Business Activity, which includes situations where this investment is held indirectly through such “similar entity”. Is our understanding correct that as long as the subsidiary (including intermediate holding companies) has an investing Main Business Activity on a stand-alone basis the ultimate parent entity can apply the Fair Value Option? Even when the group as a whole does not have an investing Main Business Activity? If so, it would be good to have this clarified in the BC. Additionally, this may mean that the scope of par. 18 may be broader than intended (see our comments on the three views above).
- The above comment equally applies to par. 19 as this would mean that any portion held by a subsidiary (including intermediate holding companies) that on a stand-alone basis would have an investing Main Business Activity would be able to apply the fair value option to such portion.

We have included our detailed response to the Exposure Draft questions in Appendix 1. If you have any questions, please do not hesitate to contact me.

Yours sincerely,

drs. G.M. van Santen RA
Chairman Dutch Accounting Standards Board

Appendix 1 : Responses to Exposure Draft questions

Appendix 1 – IASB – Responses to Exposure Draft

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.?

EFRAG’s questions to constituents- Measurement of cost of an associate or joint venture

EFRAG supports the amendments. In addition, EFRAG seeks constituents’ feedback on which investments in associates and joint ventures they consider would be in the scope of the proposed amendments (see paragraphs 6 and 7(c) above). Based on the ED, do you consider that 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?

If you disagree, please explain why you disagree and your suggested alternative.

In general, the DASB agrees with the comments provided by EFRAG. Same as EFRAG, we support the view that the amendments address the concerns raised by insurers. We also agree with the comments that a broader application of the fair value option would require more extensive outreach and careful consideration.

As explained in our cover letter, we support the view that the fair value option should only be applied to those investments in associates and joint ventures that are part of the specific investing main business activity (specified in sub b above). This approach would address the primary concern of the insurers and would not increase the diversity in practice, i.e. distort the level playing field between those companies that have an investing Main Business Activity and companies that do not have an investing Main Business Activity in respect of those investments in associates and joint ventures that are not actually part of the investing Main Business Activity, and will therefore not be presented as part of the operating category.

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.
EFRAG Question to constituents
No questions raised

In general we agree with the responses of EFRAG on the transition approach.

Other comments (repeat from above):

- We believe that the presentation mismatch could alternatively have been resolved by amending IFRS 18 paragraph 55. IFRS 18.55 addresses the presentation of associates and joint ventures for entities with an investing Main Business Activity. For these entities associates and joint ventures accounted for applying the equity method are presented in the investing category, while associates and joint ventures not accounted for applying the equity method are presented in the operating category. This paragraph could be amended by also presenting associates and joint ventures which primarily hold investing assets that are measured at fair value through profit or loss (as part of applying the equity method) in the operating category.
- Some further assessment may be necessary based on the clarity of and interaction between par. 18 and 19 of IAS 28:
 - Paragraph 18 refers to “similar entities” that have an investing Main Business Activity, which includes situations where this investment is held indirectly through such “similar entity”. Is our understanding correct that as long as for example the subsidiary (including intermediate holding companies) has an investing Main Business Activity on a stand-alone basis the ultimate parent entity can apply the Fair Value Option, even when the group as a whole does not have an investing Main Business Activity? If so, it would be good to have this clarified in the BC. Additionally, this may mean that the scope of par. 18 may be broader than intended (see our comments on the three views above).
 - The above comment equally applies to par. 19 as this would mean that any portion held by a subsidiary (including intermediate holding companies) that on a stand-alone basis would have an investing Main Business Activity would be able to apply the fair value option to such portion.