August 17, 2026

Mr. Jackson M. Day
Technical Director
Financial Accounting Standards Board
801 Main Avenue, PO Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2026-ED200

Dear Mr. Day,

This letter is submitted by Financial Executives International's ("FEI") Committee on Corporate Reporting ("CCR") in response to the Financial Accounting Standards Board's ("FASB" or "Board") Proposed Accounting Standards Update, *Derivatives and Hedging* ("Topic 815"): *Targeted Improvements to Accounting for Interest Rate Risk Hedging and Net Investment Hedging* ("Proposed Update").

FEI is a leading international organization comprised of members who hold positions as Chief Financial Officers, Chief Accounting Officers, Controllers, Treasurers, and Tax Executives at companies in every major industry. CCR is FEI's technical committee of approximately 50 Chief Accounting Officers ("CAOs") and Corporate Controllers from Fortune 100 and other large public companies, representing more than $19 trillion in market capitalization. CCR reviews and responds to pronouncements, proposed rules and regulations, pending legislation, and other documents issued by domestic and international regulators and organizations such as the SEC, PCAOB, FASB, and IASB.

The enclosed views and recommendations set forth within this letter were developed in accordance with CCR's governance procedures. This process includes a survey of the CCR membership and multiple iterative reviews by a drafting committee comprised of member company CAOs, Controllers and their direct reports. As noted, CCR is comprised of the largest public companies across a diverse array of industries – each with unique regulatory challenges and varying priorities. The perspectives incorporated in this letter reflect areas of consensus across committee members and may not align with the specific views of every individual entity or industry group.

Executive Summary

CCR commends the Board for the timely development of these targeted improvements and supports the three proposed amendments. CCR finds each amendment clear and operable and believes each removes a specific constraint that has prevented preparers from applying hedge accounting in a manner consistent with their risk management objectives.

With respect to the individual amendments, CCR supports the proposed amendment permitting interest rate risk hedging for held-to-maturity ("HTM") debt securities, which removes a constraint that does not reflect how entities manage interest rate risk at the entity level. CCR also recommends the Board consider whether providing a one-time exception to transfer securities from HTM to available-for-sale ("AFS") upon adoption would be appropriate. CCR acknowledges that this issue is particularly relevant to financial institutions and does not view it as a prerequisite to finalizing the amendments as proposed. CCR supports the proposed amendment permitting any tenor of the Secured Overnight Financing Rate ("SOFR") as a designated benchmark interest rate, which appropriately resolves the mismatch between the rates commonly used in market transactions and those eligible for designation as the hedged risk. CCR encourages the Board to consider a more principles-based approach to defining benchmark interest rates as part of its broader enhancements to the hedging model, to avoid similar constraints arising in the future. CCR also supports the proposed amendment permitting float-to-float cross-currency swaps with different reset dates as hedging instruments in net investment hedges and considers the six-month repricing interval appropriate.

With respect to transition, CCR supports the proposed prospective transition approach and recommends that early adoption be permitted upon issuance of a final standard. This would allow entities most impacted to align their accounting with their risk management activities without delay. Given the targeted nature of these amendments, CCR encourages the Board to finalize and issue the standard as promptly as practicable. For entities that require additional time to operationalize the amendments, CCR recommends the Board afford one year between the issuance of a final standard and the mandatory effective date. Finally, as the proposed amendments expand the scope of eligible hedging relationships rather than modifying existing ones, CCR respectfully encourages the Board to consider whether the proposed transition disclosures are warranted.

Hedging Interest Rate Risk for HTM Debt Securities

CCR supports the proposed amendments to permit an entity to hedge interest rate risk for HTM debt securities in fair value and cash flow hedges and believes they improve hedge accounting guidance. The proposed amendment will better reflect the real economic interest rate exposure carried by HTM debt securities regardless of accounting classification, and removes a constraint that limited the application of hedge accounting in a manner consistent with entities' risk management objectives. CCR concurs with the Board that hedging interest rate risk at the portfolio level does not contradict an entity's intent to hold an individual security to maturity, and believes this reasoning resolves the conceptual tension underlying the historical prohibition. CCR further notes that extending the proposed amendment to apply to both fair value and cash flow hedges is critical for full operability.

CCR finds the proposed amendment clear and operable. The amendment builds directly on the existing hedge accounting framework for held-for-investment ("HFI") loans, which is well-established and understood. CCR does not anticipate that the mechanics will require significant additional interpretation or implementation effort. For financial institutions in particular, the amendment allows interest rate risk to be managed holistically across an entity's entire investment portfolio, reducing the operational complexity of managing HTM positions separately from broader corporate hedging strategies.

CCR also recommends that the Board consider providing a one-time exception permitting entities to transfer securities from HTM to AFS classification upon adoption. Historically, portfolio classification decisions were made within the constraints of the existing hedge accounting framework and often reflected a complex balance of accounting outcomes, risk management objectives, liquidity considerations, regulatory capital requirements, and portfolio construction strategies. These decisions were rarely made on an instrument-by-instrument basis; rather, they involved evaluating numerous interrelated positions and accounting elections across the portfolio as a whole.

For financial institutions in particular, HTM classification frequently provided meaningful regulatory capital benefits but limited the ability to economically hedge interest rate risk while preserving hedge accounting. Consequently, both investment decisions and portfolio classification decisions were influenced by the limitations of the existing hedge accounting framework, as institutions evaluated the interconnected effects of those decisions on risk management, liquidity, regulatory capital, and financial reporting across their portfolios. By expanding the availability of hedge accounting for HTM securities, the proposed amendments would fundamentally change many of the considerations underlying those historical classification decisions. As a result, entities should have the ability to reassess their portfolios holistically and, where appropriate, reclassify securities to better align with their revised risk management, hedging, and capital objectives under the new framework.

Allowing a one-time reclassification upon adoption would provide entities with an opportunity to reconsider legacy portfolio designations in light of the proposed amendments rather than remaining constrained by decisions made under a different set of accounting alternatives. CCR believes such relief would facilitate adoption, improve the practical operability of the amendments, and better reflect the economic risk management activities of an entity. CCR acknowledges that this issue is particularly relevant to financial institutions and does not view it as a prerequisite to finalizing the amendments as proposed.

SOFR Benchmark Interest Rate Definition

CCR supports the proposed amendment to remove the Overnight Index Swap ("OIS") parameter from the definition of the SOFR benchmark interest rate, which resolves the mismatch between the rates commonly used in market transactions and those eligible for designation as the hedged risk. When SOFR was added as an eligible benchmark interest rate, only the overnight tenor was established. As Term SOFR became widely adopted in market transactions, entities using Term SOFR derivatives in fair value hedges faced artificial ineffectiveness arising from a mismatch between the designated hedged risk and the actual derivative – creating unnecessary complexity in effectiveness assessments and artificial volatility. Permitting any tenor of SOFR as a designated benchmark interest rate eliminates this mismatch and reduces the complexity of effectiveness assessments.

CCR finds the proposed amendment clear and operable, as it represents a targeted definitional change. CCR also acknowledges the Board's separate project to remove London Interbank Offered Rate ("LIBOR") references from the Codification and replace them with SOFR.[1] As the

[1] FASB Project, Codification Improvements Related to LIBOR References, available at https://www.fasb.org/projects/current-projects/codification-improvements-related-to-libor-references-424826

Board considers broader enhancements to the hedging model, CCR encourages consideration of whether a principles-based approach to defining benchmark interest rates could provide a more durable framework – one that would reduce the need for targeted amendments of this nature as markets continue to evolve. CCR raises this observation in the spirit of constructive engagement and does not intend it to impede finalization of the proposed amendments.

Float-to-Float Cross-Currency Swaps in Net Investment Hedges

CCR supports the proposed amendment and agrees that removing the identical reset requirement better aligns the hedge accounting model with standard market conventions for cross-currency swaps, particularly given that LIBOR cessation resulted in different currencies adopting replacement rates with distinct reset conventions. The six-month repricing interval appropriately balances expanded eligibility with a meaningful constraint – ensuring that the floating payments on each leg continue to reflect current market rates and that the instrument retains its character as a foreign exchange hedge.

CCR also supports the corresponding update to the effectiveness assessment. Aligning the hypothetical swap terms with the actual instrument's reset conventions is a necessary and logical complement to the qualification change, ensuring that entities are not subject to artificial ineffectiveness arising from a mismatch between the hypothetical and actual swap terms.

Effective Date and Transition

CCR supports the proposed prospective transition approach. As the proposed amendments expand the scope of eligible hedging relationships rather than modifying existing ones, CCR respectfully encourages the Board to consider whether the proposed transition disclosures would provide meaningful incremental value beyond the robust disclosure requirements already applicable under Topic 815.

CCR recommends that early adoption be permitted upon issuance of a final standard, which would allow entities most impacted by the amendments to align their accounting with their risk management activities without delay. CCR recommends the Board afford one year between the issuance of a final standard and the mandatory effective date to accommodate entities that may require additional time to operationalize the amendments. CCR notes that the prospective and elective nature of the amendments allows entities to sequence their adoption based on their individual readiness.

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CCR reiterates its support for the Board's Proposed Update and appreciates the Board's consideration of the views expressed in this letter. CCR welcomes the opportunity to discuss these comments further and stands ready to support the Board's rulemaking efforts.

Sincerely,

Committee on Corporate Reporting

Committee on Corporate Reporting (FEI)