
Buenos Aires, Argentina, February 5, 2026

IFRS Foundation
Columbus Building
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REF: IFRIC Tentative Agenda Decisions reached in the November 25 and 26, 2025 meetings

Dear Committee Members,

The “Group of Latin American Accounting Standard Setters”¹ (GLASS) appreciates the opportunity to comment on the following Tentative Agenda Decision (TAD) reached by the International Financial Reporting Standards Interpretations Committee (IFRIC) during its meeting on November 25 and 26, 2025, which included the following topic:

- **Classification of Gains and Losses on a Derivative Managing a Foreign Currency Exposure (IFRS 18)**

This response summarizes the points of view of the members of the different countries that comprise GLASS, pursuant to the following due process.

Due process

The discussions regarding the TAD of IFRIC were held within a specified Permanent Technical Commission (PTC) created in December 2020. All GLASS country-members had the opportunity to appoint at least one member to participate in this PTC. Each standard setter represented in GLASS has undertaken different tasks in their respective countries (e.g., surveys, internal working groups). All results were summarized, and this summary was the platform for GLASS discussion process.

GLASS discussed the different points of view included in the summary through emails exchanged among its members. In those emails GLASS developed a final document on the basis of the consensual responses and the technical points of view of its members. Finally, the GLASS document was submitted to and approved by the GLASS Board.

Comments

IFRIC received a request regarding how an entity should apply the requirements of paragraphs B70 to B76 of IFRS 18 *Presentation and Disclosure in Financial Statements* to classify the gain or loss on a derivative financial instrument in its consolidated statement of profit or loss. The derivative is a forward contract used to manage the foreign exchange risk of a net liability exposure, but **it is not designated as a hedging instrument** under IFRS 9 *Financial Instruments*.

Content of the inquiry

In accordance with the group's risk management policy, the purpose of the external derivative is to manage the identified foreign exchange risk of the net liability exposure, not the aggregate of gross exposures that comprise the net exposure. The entity believes that the undue cost or effort exemption in paragraph B72 of IFRS 18 is not applicable. In particular, the entity has identified the link between the external derivative and the risk it manages through that derivative. IFRIC noted that, based on the application guidance in paragraphs B70 to B76 of IFRS 18, an entity must first identify the risks managed by a derivative. This enables it to determine the categories in profit or loss affected by that risk and the subsequent classification of the gains or losses on that derivative.

¹ The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts, Requests for Information and Discussion Papers issued by the IASB and Tentative Agenda Decisions issued by IFRIC. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Chairman), Bolivia, Brazil (Board), Chile, Colombia (Board), Costa Rica (Board), Dominican Republic, Ecuador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Vice Chairman).

GLASS opinion

Regarding this matter, GLASS believes, in agreement with the IFRIC opinion, that IFRS 18 provides an appropriate basis for classifying gains or losses on a derivative in accordance with an entity's risk management policy when the derivative is used to manage an identified risk but is not designated as a hedging instrument under IFRS 9.

In GLASS' view, we have no additional comments and believe that the IFRIC's agenda decision not to add a draft standard-setting proposal to the work plan, including the arguments described in the text under analysis, is the appropriate response to the inquiry.

Contact

If you have any questions about our comments, please contact glenif@glenif.org.

Sincerely yours,



Hernán Pablo Casinelli

Chairman

Group of Latin American Accounting Standard Setters (GLASS)