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August 17, 2026

Via email to director@fasb.org

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

Re: Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Interest Rate Risk Hedging and Net Investment Hedging (File Reference No. 2026-ED200)

Dear Mr. Day,

We appreciate the opportunity to respond to the Board's exposure draft on *Targeted Improvements to Accounting for Interest Rate Risk Hedging and Net Investment Hedging*.

We support the Board's proposal to address targeted areas of hedge accounting that currently limit the application of the existing hedge accounting model. We believe the proposed amendments would better align hedge accounting outcomes with entities' risk management activities, reflect current market practices, and improve the operability of Topic 815. We also support the Board's targeted approach to addressing these discrete issues through limited amendments to existing guidance rather than introducing broader changes to the hedge accounting framework.

We have included our responses to the Questions for Respondents in the attached Appendix.

We would be pleased to discuss our comments with the FASB staff. Please direct any questions to Jonathan Perdue (214) 259-1472 or Adam Brown (214) 665-0673.

Very truly yours,

BDO USA, P.C.

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Appendix

Question 1: Do the amendments in this proposed Update improve the guidance on hedge accounting for interest rate risk by permitting interest rate risk to be the hedged risk for HTM debt securities? Are the proposed amendments clear, operable, and auditable? Please explain why or why not. If not, what changes would you suggest?

We agree that the proposed amendments improve the guidance on hedge accounting for interest rate risk by permitting interest rate risk to be designated as the hedged risk for HTM debt securities. HTM debt securities remain exposed to interest rate risk regardless of their accounting classification, and permitting hedge accounting for that risk better aligns the accounting outcome with entities' risk management activities.

We believe the proposed amendments are clear, operable, and auditable because they expand the population of eligible hedging relationships under existing hedge accounting guidance rather than introducing a new accounting model or effectiveness assessment framework. As a result, entities should generally be able to apply existing hedge accounting processes, controls, and documentation requirements to these hedging relationships.

Question 2: Do the proposed amendments improve the guidance on hedge accounting for interest rate risk by permitting any tenor of SOFR to be considered a benchmark interest rate? Are the proposed amendments clear and operable? Please explain why or why not. If not, what changes would you suggest?

We agree that the proposed amendments improve the guidance on hedge accounting for interest rate risk by permitting any tenor of SOFR to be considered a benchmark interest rate. The proposed amendments better align hedge accounting with current market practices and entities' risk management activities, particularly given the increased use of SOFR-based rates, including Term SOFR.

We believe the proposed amendments are clear and operable because they broaden the population of eligible benchmark interest rates without changing the existing hedge accounting framework. In addition, the proposed amendments may reduce complexity in hedge designation and effectiveness assessments and, in some cases, may also reduce the risk that a hedging relationship fails to achieve its intended accounting outcome because the designated benchmark rate does not align with the rate expected to be referenced in the forecasted transaction.

Question 3: Do the proposed amendments improve the guidance on net investment hedges? Are the proposed amendments clear and operable? Do you agree that the period between repricing intervals and dates should occur every six months or more frequently? Please explain why or why not. If not, what changes would you suggest?

We agree that the proposed amendments improve the guidance on net investment hedges by better reflecting current market conventions and expanding the population of economically effective hedging instruments eligible for hedge accounting.

We believe the proposed amendments are clear and operable because they replace the restrictive requirement for identical repricing intervals and dates with a more practical and objective criterion. We also agree with the Board's decision to require repricing intervals and dates to occur every six months or more frequently. As noted in BC28, the proposed threshold leverages a similar concept used in the shortcut method and avoids the need for more complex and judgmental quantitative assessments while maintaining appropriate limits on interest rate risk exposure.

Question 4: Are the proposed transition requirements operable? If not, why not, and what transition method would be more appropriate and why? Would the proposed transition disclosures provide decision-useful information? Please explain why or why not.

We believe the proposed transition requirements are operable and support the Board's decision to require prospective application.

Prospective transition appears appropriate because the amendments primarily expand the population of eligible hedging relationships rather than introducing new measurement or effectiveness assessment models. In addition, retrospective application for certain aspects of the proposed amendments may be impractical because the affected hedge relationships may not have existed or been formally designated under previous guidance.

We believe the proposed transition disclosures will provide sufficient decision-useful information. Given the prospective transition approach and the absence of restatements or cumulative-effect adjustments, limiting the required disclosures to the nature of and reason for the change in accounting principle and the method of applying the change appears appropriate.

Question 5: In evaluating the effective date, how much time would be needed to implement the proposed amendments? Should the effective date for entities other than public business entities be different from the effective date for public business entities? Please explain why or why not. If the effective dates should be different, how much additional time would entities other than public business entities need to implement the proposed amendments?

We do not anticipate significant implementation challenges associated with the proposed amendments. The amendments primarily expand the population of eligible hedging relationships under existing hedge accounting guidance rather than introducing new accounting models or measurement frameworks. As a result, entities should generally be able to leverage existing hedge accounting processes, controls, and infrastructure.

Because the proposed amendments are elective and expand the application of existing hedge accounting guidance, we believe entities should be permitted to adopt the amendments immediately upon issuance of a final Update. We do not believe separate effective dates for public business entities and other entities are necessary.

Question 6: Would the expected benefits of the proposed amendments justify the expected costs? If not, please describe the nature and magnitude of those costs, differentiating between one-time costs and recurring costs.

We believe the expected benefits of the proposed amendments justify the expected costs. The amendments better align hedge accounting outcomes with entities' risk management activities, reflect current market practices, and expand the population of economically effective hedging relationships eligible for hedge accounting.

We do not anticipate significant implementation costs because the amendments generally broaden the application of existing hedge accounting guidance rather than introducing new accounting models, measurement methodologies, or disclosure frameworks. As a result, entities should be able to leverage existing systems, processes, controls, and hedge accounting documentation practices.