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August 13, 2026

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

File Reference No. 2026-ED200

Dear Mr. Day:

RSM US LLP (RSM, “we”) is pleased to provide feedback on 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*, (the proposed ASU or proposal).

We appreciate the Board’s efforts to continually improve the financial reporting of hedging relationships to better portray the economic results of an entity’s risk management activities in its financial statements. Overall, we believe the amendments in the proposed ASU would improve the guidance on hedge accounting. We also believe that these amendments generally are clear, operable and auditable. We do not foresee the proposed amendments requiring special consideration for nonpublic entities.

Our responses to questions 1 through 5 are included in the remainder of the letter.

Comments on Specific Questions Posed by the Board

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? Please explain why or why not. If not, what changes would you suggest?

We support the proposed amendments that would permit an entity to designate changes in fair value or cash flows of a held-to-maturity (HTM) debt security attributable to interest rate risk as the hedged risk. We believe the amendments would improve hedge accounting by allowing entities to better reflect the economics of their interest rate risk management activities.

We agree with the Board’s conclusion that an entity’s assertion of positive intent and ability to hold an individual debt security to maturity is not inherently inconsistent with managing interest rate risk on an overall balance sheet or portfolio basis. In our view, the current prohibition can result in accounting outcomes that do not faithfully represent an entity’s risk management activities, particularly when derivatives are used to economically manage interest rate exposure, but hedge accounting is unavailable solely because of the security’s HTM classification.

We believe the proposed amendments are generally clear, operable and auditable because entities would apply the existing hedge accounting model in Topic 815 to a broader population of eligible hedged items and hedged risks, rather than apply a new hedge accounting model.

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 support the proposed amendments that would permit any tenor of the Secured Overnight Financing Rate (SOFR) to be considered a benchmark interest rate. We believe the amendments would improve hedge accounting by better aligning the benchmark interest rate guidance with current market practice and with entities' risk management activities.

When the SOFR Overnight Index Swap Rate was added as a U.S. benchmark interest rate, the Board appropriately limited the definition because other tenors of SOFR were not yet sufficiently developed. However, the market has evolved, and SOFR-based rates of different tenors are now commonly referenced in financing transactions and risk management activities. Continuing to limit the benchmark interest rate designation to overnight SOFR may result in accounting outcomes that do not faithfully portray the economics of SOFR-based hedging strategies.

We believe the proposed amendments are clear and operable because they remove a narrow limitation within the existing hedge accounting model rather than creating a new model or new effectiveness assessment requirements. Accordingly, we do not recommend any changes to the proposed amendments.

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 support the proposed amendments permitting certain float-to-float cross-currency interest rate swaps with different reset dates to qualify as hedging instruments in net investment hedges. In today's markets, replacement rates across jurisdictions may follow different reset conventions. Those differences do not necessarily suggest that a swap is inconsistent with a valid net investment hedging strategy.

We believe the proposed amendments are clear, operable and auditable. For float-to-float cross-currency interest rate swaps, we believe the proposed period between repricing intervals and dates appropriately helps prevent the introduction of fixed-rate exposure, which would be inconsistent with the overall hedging strategy of a net investment hedge.

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. We support prospective application because the amendments generally expand eligibility for hedge accounting to relationships that either could not previously qualify or may not have been designated as hedging relationships under current GAAP. Requiring retrospective or modified retrospective application would introduce unnecessary complexity and may require entities to reconstruct hedge documentation and effectiveness assessments for relationships that were not designated as hedging relationships before adoption.

We defer to the views of financial statement users as to whether the proposed transition disclosures would provide decision-useful information.

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?

Because the proposed amendments are narrow in scope and apply the existing hedge accounting model to a broader set of eligible relationships, we do not believe a lengthy implementation period is necessary. However, we defer to the views of preparers of financial statements as to the amount of time necessary to implement the proposed amendments, including updating hedge documentation, internal controls, accounting policies and related processes.

We support permitting early adoption for all entities after issuance of a final ASU. We do not believe it is necessary to provide a different effective date for entities other than public business entities because hedge accounting is elective and entities can determine whether and when the benefits of applying the amendments justify the implementation costs.

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We would be pleased to respond to any questions the FASB or its staff may have about our comments. Please direct any questions to Mike Gaiso at 212.372.1706 or Joseph Cascio at 212.372.1139.

Sincerely,

RSM US LLP

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