

Ability, Compliance and Comparability: Unresolved Judgements in Assessing Currency Exchangeability under Amended IAS 21, with Illustrations from Iraq

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Abstract
For annual periods beginning on or after 1 January 2025 IAS 21 requires entities to assess whether a currency is exchangeable prior to translation, and estimate a spot rate if it is not. Here is no further list of restrictions. The 2023 amendments already cover administrative delay, purpose, small amounts and markets without enforceable rights. The article instead examines a scenario Iraq has lived with since the Central Bank of Iraq moved dollar transfers onto a screened electronic platform: there is a legal channel but requests are approved, returned or refused one at a time and waiting times vary from file to file. It identifies three questions left to judgment, using the standard, IASB staff papers, published studies and the statements of the Central Bank of Iraq and three Iraqi banks. How do you show 'able to obtain' when the result of a request is uncertain? Is the refusal because of the entity's own compliance record or that of its counterparty, a lack of exchangeability or a settlement problem? And how does an entity-level test play with tiered official rates, dinar settlement rules, and central bank letters that name a rate? A fourth issue is disclosure, as paragraph 57A applies only after a negative Step I conclusion. The banks reviewed translate dollars at 1,310 dinars and say little or nothing about the amendments. We suggest and work through three hypothetical entities at 31 December 2026 after the rate change on 7 October 2026, a judgment protocol and near-threshold disclosure.

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1. Introduction

Converting a dollar balance is usually a clerical step. The transaction is recorded at the spot rate at the date of the transaction and monetary items are retranslated at the closing rate at the date of the closing of the books (IAS 21.21 and IAS 21.23). The assumption underlying this step is one that most preparers never explicitly state: that a spot rate exists, and that the entity can actually transact at it. This assumption was hardly safe for an Iraqi bank in early 2023, as most requests on the new transfer platform were reportedly refused (Sulaiman *et al*., 2026) [43]. The determination of the rate ceases to be a purely clerical matter and affects reported assets, liabilities and profit when a currency is available only slowly, only in part, or by means which are not protected by law.

Under IAS 21 the problem was simply one of temporary interruption. The answer was the first subsequent rate at which exchanges could be made. Venezuela busted that answer because the break there had no clear ending. The standard did not cover a longer term lack of exchangeability, said the IFRS Interpretations Committee as far back as 2014 (IFRS Interpretations Committee, 2014) [17]. The file went to the International Accounting Standards Board (IASB) after further work in 2018. Lack of Exchangeability (Amendments to IAS 21) was issued by the Board in August 2023 and is effective for annual reporting periods beginning on or after 1 January 2025 (International Accounting Standards Board [IASB], 2023; IFRS Foundation, 2026) [16, 20].

The revised standard has two steps. In Step I the entity determines whether a currency is convertible into another currency at the measurement date for a particular purpose. If the answer is no, Step II requires an estimated spot rate (the rate that would be

used in an orderly transaction between market participants at the measurement date under current economic conditions) and disclosure of the restriction, its effects and the basis on which the estimate was determined (paragraphs 8, 8A, 8B, 19A and 57A). The text or its guidance on application covers normal administrative delay, the purpose of the exchange, access to small amounts and markets that create no enforceable rights. A study that claimed the Board was ignoring them would be criticizing a non-existent version of the standard.

In economies having an official and a parallel rate, a quick reading of the amendments is requested. With a high premium, the currency needs to be non-convertible and the rate used for booking is the parallel one. The standard does not support either step. Step I only covers markets and mechanisms that create enforceable rights and obligations (paragraph A5). A rate from a market that does not have that protection enters, if at all, in Step II and only as a starting point to be adjusted toward the measurement objective (paragraph A17). There are other kinds of hard cases. There is a legal way of doing this, but every request has to be checked for compliance and paperwork. So one importer might be cleared in two days, another might wait a month and a third might be turned down for a missing invoice.

Iraq is a clear case in point. In December 2020, the official rate moved from 1,182 to 1,450 dinars per US dollar, and then to a tiered 1,300 to 1,320 in February 2023 (Gunter, 2024; Lee, 2020) [10, 32]. During the same period, the Central Bank of Iraq (CBI) also migrated dollar sales for external transfers to an electronic platform linked to international compliance screening, a transition that was begun in late 2022 and proved decisive in 2023. In November 2023, the parallel rate was around 1,650 dinars, a gap of nearly 26 per cent from the official rate (Gunter, 2024; Sulaiman *et al*., 2026) [10, 43]. By 2025, all international transactions were carried out via commercial banks and their correspondents, and the International Monetary Fund (IMF) reported no exchange restrictions on current account transactions and multiple currency practices in Iraq (International Monetary Fund [IMF], 2025b, as reproduced in Lee, 2025) [25]. The premium never went away. The official rates were 1,500, 1,510 and 1,520 dinars per dollar for different channels on 7 October 2026 (Lee, 2026; VOA, 2026) [34, 46], so for a reporter with a December year end, 31 December 2026 is the first year-end that the amended standard meets the new tiers.

The question is deliberately narrow. If there is a legal channel, but access to it is conditional on compliance and documentation, what does the amended IAS 21 leave for the preparer to decide, and how can that decision be supported in a way that an auditor can check? Appendix A of the standard already classifies restrictions so no new classification is attempted. The article reads the standard with its illustrative examples and with the staff paper that analyzed comment letters (IASB staff, 2022) [21], picks out the points the Board decided to leave open and tries these against what happened in Iraq, using Lebanon and Argentina for contrast.

Our contribution to the existing literature is three-fold. The article first distinguishes what the amendments settle from what they leave open, thus avoiding a reiteration of Appendix A in the analysis. It then lays out three open judgments and an asymmetry in the disclosure requirements, and tests them against what Iraqi bank statements actually say, including one bank's policy note that cites a central bank letter for its rate of 1,310 dinars. Finally it turns these points into a protocol of questions and processes the protocol through three hypothetical entities based on documented Iraqi conditions. Nothing here is based on new data. They include published standards and staff papers, professional guidance, academic studies, financial statements and public reports.

The article goes on as follows. Section 2 describes what the amended standard settles. Section 3 reviews the closest literature. Section 4 addresses the Iraqi context by periods. Section 5 develops the three judgments and the disclosure asymmetry. Section 6 applies them to hypothetical entities. Section 7 and Section 8 discuss implications and limitations. Section 9 concludes.

2. What the Amended IAS 21 Already Settles

2.1. Definition and the Two Steps

The core of the amendments is a new definition. Under paragraph 8, a currency is exchangeable into another currency 'when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations'. Paragraph 8A also states that the assessment is made at a measurement date and for a specific purpose. Paragraph 8B deals with small amounts: if no more than an insignificant amount can be obtained for that purpose, the currency is not exchangeable.

Appendix A then works through each element. Paragraph A3 accepts that exchanges may not complete instantly because of legal or regulatory requirements; a normal administrative delay does not stop a currency being exchangeable, and what is normal depends on facts and circumstances. A4 focuses attention on the entity's ability to obtain the other currency rather than on its intention or decision. It allows for the possibility of a direct or indirect ability, for example through a third currency. Only markets or mechanisms that create enforceable rights and obligations are counted under paragraph A5 and enforceability is a matter of law. Purpose matters because authorities often treat imports and capital remittances differently, so paragraphs A6 to A9 deem three purposes, each assessed on its own: realising or settling individual foreign currency transactions, assets or liabilities; realising net assets where the presentation currency differs; and realising a net investment in a foreign operation. Whether a limited amount is significant is judged against the total the entity requires for the purpose, on an aggregate basis (paragraph A10), and a currency can be exchangeable one way and not the other (paragraph A2).

When a currency is not exchangeable, the entity estimates a spot rate whose objective is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions (paragraph 19A). It may use an observable rate without adjustment, such as a rate available for another purpose or the first rate after exchangeability is restored, if that rate meets the objective (paragraphs A12 to A16). In judging a rate available for another purpose, it considers whether several observable rates exist, the purposes for which the currency can be obtained, whether the rate floats freely or is set through regular intervention, and how often it is updated (paragraph A14). Alternatively it may use another estimation technique that starts from any observable rate, including rates from transactions that do not create enforceable rights and obligations, and adjusts it as necessary (paragraph A17).

Paragraph 26, also amended, states that when several exchange rates are available, the rate used is the one at which the future cash flows represented by the transaction or balance could have been settled if they had occurred at the measurement date.

Disclosure is required when an entity estimates a spot rate. The objective is to help users understand how the lack of exchangeability affects, or is expected to affect, financial performance, financial position and cash flows, through information on its nature and financial effects, the rates used, the estimation process and the risks to which the entity is exposed (paragraph 57A). Paragraphs A19 and A20 list specific items, including a description of the restrictions, the affected transactions and carrying amounts, whether the rates used are observable or estimated, the inputs and assumptions, and information about affected foreign operations. On transition, comparative information is not restated (paragraph 60M).

2.2. The Illustrative Examples

The illustrative examples show that the Board had compliance-type procedures in mind. In Example 1 an authority provides a foreign currency only after an administrative process, requires applicants to explain how they intend to use it, and normally needs N days to perform checks; the entity treats N days as a normal administrative delay (paragraphs IE3 and IE4). Example 2 deals with resellers whose transactions do not create enforceable rights (IE5 and IE6), Example 3 with access limited to imports of food and medicine (IE7 and IE8), Example 4 with the use of a free-floating rate that is available for other purposes (IE9 to IE13), and Example 5 with the first subsequent rate under hyperinflation (IE14 to IE18). The examples state that they illustrate simplified hypothetical situations, that real fact patterns require evaluation of all relevant facts and circumstances, and that they create no additional requirements (IASB, 2023) [4].

2.3. What the Board Chose Not to Specify

For this article the most useful document is the staff analysis of comment letters on the exposure draft (International Accounting Standards Board [IASB] staff, 2022) [21]. Several respondents wanted exchangeability judged for a whole jurisdiction, as hyperinflation is under IAS 29. The staff said no, because one entity may be able to exchange two currencies, thanks to the nature, size or volume of its foreign currency transactions, while another in the same jurisdiction cannot, and IAS 21 is applied entity by entity (paragraphs 8 to 12). Others asked for indicators of a normal administrative delay, since approval times in some jurisdictions vary widely. Detailed guidance was judged neither feasible nor practical, and the seven days in the draft example were deleted so that they would not harden into a bright line (paragraphs 16 to 22). One respondent suggested a ‘more likely than not’ threshold for ability and a rebuttable presumption of ability for an entity with a legal right and means to exchange, both of which were rejected as adding complexity (paragraphs 24 and 27). Finally, the staff recommended clarifying that all factors are considered in the aggregate, so that the absence of one factor means the absence of exchangeability (paragraph 54).

None of this is coincidence. The Board knew that an entity-level test would give different answers inside one country, and it still declined to put a number on delay or on the likelihood of access. Table 1 sets the settled points beside those left to judgement.

Table 1. What amended IAS 21 settles and what it leaves to judgement

Matter	Where the standard addresses it	What remains for judgement
Definition and measurement date	Paragraphs 8 and 8A	How 'ability' is evidenced at the date when the outcome of requests is uncertain
Administrative delay	A3; Example 1 (IE3 and IE4)	What delay is 'normal' when processing time varies by request (IASB staff, 2022, paragraphs 16 to 22) [21]
Ability versus intention; indirect routes	A4	Whether failures linked to the entity's own or a counterparty's compliance status reduce ability
Enforceable mechanisms	A5; Example 2 (IE5 and IE6)	The legal status of particular channels, which is a matter of law
Purpose	A6 to A9; Example 3 (IE7 and IE8)	Mapping actual transactions and balances to the deemed purposes
Limited amounts	8B and A10	What the 'obtainable amount' is when approvals are partial or uncertain
Several available rates	Paragraph 26; A14	Choice among official tiers and statutory settlement rates
Estimating a spot rate	19A; A11 to A17; Examples 4 and 5	How observable inputs, including parallel quotes, are adjusted
Disclosure	57A; A18 to A20	What users learn when the entity concludes that the currency is exchangeable

Source: Author’s summary of IFRS Foundation (2026) and IASB (2023) and IASB staff (2022).

Such a framework would be a duplication of Appendix A. Appendix A already deals with each of those category's prohibitions, purpose limits, compliance conditions and delays. It is the open ground where the elements are seen and weighed together. It's also where they intersect with rules set by regulators, and with what users are told about the judgment.

3. Related Literature and the Research Gap

3.1. The Standard-Setting Record and Professional Guidance

The problem was met first in Venezuela by the Interpretations Committee. The 2014 agenda decision of the Committee stated that most entities applied paragraph 26 when selecting between different rates to translate a net investment and that a longer-term lack of exchangeability was not covered by IAS 21 (IFRS Interpretations Committee, 2014) [17]. By 2018, the staff could identify three practices there: translating at an official rate, estimating a rate adjusted for inflation, and deconsolidating the Venezuelan operations (IFRS Interpretations Committee staff, 2018) [18]. The Committee recommended narrow-scope standard-setting and the Board took the project up in November 2019 (IAS Plus, n.d.). The amendments were therefore influenced by one jurisdiction with extreme restrictions and hyperinflation, which is not the situation in Iraq.

Professional guidance rephrases the model and applies it to particular settings. KPMG Argentina (2023) [30] Official, securities and informal channels in Argentina. It regards exchange of securities as a device which gives enforceable rights, excludes the informal 'blue' market from Step I and gives examples where access through the official market takes longer than 90 days or where securities have to be held for 30 days before dollars are received.

It also notes that, because no country-level consensus is required, entities may reach different conclusions, which may make comparison between them difficult. KPMG Venezuela (2025) [31], EY (2023) [8] and BDO (2023) [4] summarise the requirements and disclosures. None of the guidance reviewed for this article discusses how screening outcomes, rejection rates or the compliance status of the entity and its counterparties should count as evidence in Step I.

3.2. Academic Work on Regulated and Multiple Exchange Rates

Accounting research on regulated exchange rates is thin, and most of it is empirical. Gilabert (2026) [9] comes closest to the present question. He took the 2023 financial statements of 74 companies listed on Bolsas y Mercados Argentinos, a year in which the gap between the official rate and the MEP rate (a legal rate implied by trading the same bonds in pesos and in dollars) ran between about 35 and 134 per cent at month ends (Gilabert, 2026, Table 1) [9]. Almost all foreign currency items were carried at the official rate; he found only two exceptions, each for a particular item. When remeasured at the MEP rate the effects were material and uneven, sometimes reversing the sign of profit or equity. It was the net foreign currency position and not the size of the gap at the reporting date which explained the change in return on equity. He recommends preparers to use the MEP rate when it is the expected settlement channel or when the official currency is not available, and at least disclose the effect on profit and equity if alternative rates were used. He also notes that a currency can be exchanged for essential imports, but not for dividends (p. 16). The two studies part company on the question asked and on the reading of the amendment. Gilabert asks what happens to reported figures when one rate replaces another, and he reads the amendment as allowing alternative rates where the official rate does not reflect prevailing conditions (pp. 3 and 5); the MEP rate is treated as the exchangeable rate throughout, and the way an entity reaches or evidences a Step I conclusion for a given purpose is not examined. In Lebanon, Hendieh *et al*. (2025) [12] study hyperinflation accounting and taxation, and El Hajjar (2025) [7] the accounting burden that multiple exchange-rate regimes place on small and medium enterprises. Harris and Rajgopal (2022) [11], from a survey of North American chief financial officers, report that the measurement, reporting and management of foreign currency exposure are often inconsistent with one another and with theory. In none of these is compliance-conditioned access treated as a Step I question.

3.3. Iraqi Studies

In Iraq, accounting work on IAS 21 predates the amendments. Al-Saadi and Ahmed (2022) [1] went through the 2020 statements of ten private banks after the December 2020 devaluation. The CBI letters they document set the new rates, told banks to revalue their foreign currency balances, and directed that revaluation gains be held as additional provisions instead of being distributed. One bank put about IQD 19.6 billion of such gains into provisions and a prepaid expenses account rather than through profit or loss, which the authors regard as inconsistent with IAS 21; they also note that the letters mentioned international standards without naming IAS 21. The differences were required to go through the income statement in a further letter from the CBI in December 2021 but the restriction on distribution was maintained. The study is important for the present argument because it records a regulator deciding, by letter, how exchange differences are accounted for. The same pattern of uneven application and gaps between banks' methods and central bank instructions is found in work on IFRS 9 in Iraqi banks (Jasim & Al-Mashhadani, 2022) [29].

Economists have more fully documented how the access regime worked. Sulaiman *et al*. (2026) [43] are using the rejection rate of the platform as one of the explanatory variables to model the parallel rate from 2021 to 2024. They estimated rejections were between 60 and 75 per cent of applications submitted in January and February 2023, peaking at nearly 78 per cent, while approvals had risen to about 78 per cent by the third quarter of 2024. Some of this series is derived from IMF field assessments, rather than from an official source, and some of the reported magnitudes are not easily reconciled, so the figures are used here to describe access, rather than to measure it. Gunter (2024) [10] looks at the same period from a policy perspective, including delays in documentation that went up to months for some firms and the exclusion of a number of Iraqi banks from dollar transactions. The search described below did not find any Iraqi study of the 2023 amendments.

3.4. Judgement, Principles and Comparability

The amendment is based on principles: it sets out an objective, lists factors and leaves thresholds to judgment. Research on principles-based standards suggests that the precision of a standard affects the latitude preparers have and how preparers and auditors use it (Nelson, 2003; Schipper, 2003) [38, 41]. Nobes (2006, 2013) [39, 40] demonstrates that national differences remain under IFRS wherever standards contain gaps, vague criteria or options, and that regulators are among the national influences determining how those openings are exploited. When comparability is missing, users pay for it: De Franco *et al*. (2011) [6] find that comparability lowers the cost of acquiring information. By choosing an entity-specific test, the Board gave up some comparability among entities in the same jurisdiction in return for a more faithful picture of each entity's position, a trade the *Conceptual Framework* allows because comparability is an enhancing rather than a fundamental characteristic (IASB, 2018, paragraphs 2.24 to 2.29) [19]. Where that trade starts to hurt, and what can be done about it short of overriding the standard, is one of the questions taken up below.

3.5. The Gap

The gap, then, is not a missing classification. Entities are told what to consider. They are not told how to evidence ability when access is conditional and uncertain, how to treat an inability that comes from compliance status, or how an entity-level conclusion should sit beside rates and settlement rules fixed by a regulator. And the disclosure requirements switch on only after a currency has been judged not exchangeable. Section 5 takes these four points in turn.

Table 2: Closest works and what this article adds

Work	Setting and approach	Main contribution	What this article adds
IASB (2023) [4]; IASB staff (2022)	Standard, examples and analysis of comment letters	Two-step model; entity-level test; no thresholds for delay or likelihood	Analysis of the open judgements where access depends on compliance
IFRS Interpretations Committee (2014) [17]; Committee staff (2018)	Venezuela; agenda decision and staff paper	Diversity in practice; case for standard-setting	A move from the extreme case to partial and conditional access
KPMG Argentina (2023) [30]	Professional guidance on Argentine channels	Applies Step I to official and securities-based channels; flags comparability	Treatment of screening outcomes and compliance status; disclosure when exchangeable
Gilabert (2026) [9]	2023 statements of 74 Argentine listed firms; remeasurement at the MEP rate	Rate choice has material and uneven effects; recommends the MEP rate where it is the settlement channel, and sensitivity notes	How the Step I conclusion is reached and evidenced; when sensitivity disclosure is warranted if the currency is judged exchangeable
Al-Saadi and Ahmed (2022) [1]	Ten Iraqi private banks, 2020	Regulator-directed treatment of exchange differences	The interface between regulators' rules and amended IAS 21
Sulaiman *et al*. (2026) [43]; Gunter (2024) [10]	Iraqi platform, 2021 to 2024; economic and policy analysis	Compliance friction and the parallel premium	The accounting meaning of compliance friction

Note: all works were read in full or in the relevant parts.

The literature search was carried out on 27 October 2026. It covered the IFRS Foundation website, including standards, staff papers and agenda decisions; publications of major audit firms; journal and publisher websites reached through general web search, including Iraqi journals hosted on the Iraqi Academic Scientific Journals portal and University of Baghdad journals; reports of the IMF; and financial statements of the CBI and of three Iraqi banks. Main search terms included 'lack of exchangeability', 'normal administrative delay', 'IAS 21 Iraq', 'multiple exchange rates financial reporting', 'falta de intercambiabilidad' and Arabic equivalents of 'IAS 21' and 'Iraqi banks'. Scopus and Web of Science were not searched directly, and several sources were read only in part, as noted where they are used. The absence of a study from these results is not evidence that none exists.

4. The Iraqi Foreign Exchange Access Setting

4.1. Who Applies IAS 21 in Iraq

IAS 21 does not apply to every Iraqi entity. According to the IFRS Foundation's jurisdictional profile, IFRS has been required for banks since a 2016 CBI instruction, with IFRS 9 required from 2019, while other companies are permitted but not required to use IFRS and national standards are used by small and medium entities (IFRS Foundation, 2020) [15]. The profile of the International Federation of Accountants records the same mandate for banks and the later instructions on IFRS 9 (IFAC, n.d.). The CBI itself prepares its financial statements under IFRS (Central Bank of Iraq [CBI], 2025) [5]. Banks may also produce more than one set of accounts. National Islamic Bank, for example, states that its IFRS statements are prepared for shareholders and that other financial statements are issued under Iraqi law, and it applies the Unified Accounting System for banks and insurance companies to the extent that it does not conflict with IFRS (National Islamic Bank, 2026) [37]. The amendments therefore matter mainly for banks, for other entities that choose IFRS, and for foreign groups that consolidate Iraqi operations or hold dinar balances.

4.2. The Access Regime, Period by Period

Table 3 sets out the main changes in the access regime from 2020 to October 2026. The biggest change on the accounting question is that access was made conditional, rather than closed. From early 2023 the platform was the only lawful route for banks' dollar transfers abroad, and it screened each request for beneficiary information, invoices and links to high-risk counterparties (Sulaiman *et al*., 2026) [43]. The rules also didn't apply evenly . Some banks were banned from performing dollar transactions in July 2023 and February 2024, some companies had to wait months to get approval for their documentation, while others kept moving large amounts of money (Gunter, 2024) [10]. Finally there are a number of rates in the official system itself and the rules on the settlement of domestic contracts and deposits link particular items with particular rates.

Table 3: Iraq: foreign exchange access and official rates, 2020 to October 2026

Period	Access regime and rates	Relevance for IAS 21	Sources
Before December 2020	Official rate near 1,182 dinars per dollar; dollars sold through the CBI auction; small parallel gap	Single official rate in practice	Lee (2020) [32]; Sulaiman *et al*. (2026) [43]
December 2020	Official rate moved to 1,450 (a devaluation of about 22.7 per cent)	CBI letters on revaluation and on holding revaluation gains as provisions	Gunter (2024) [10]; Al-Saadi and Ahmed (2022) [1]
Late 2022 to 2024	Electronic platform with compliance screening; from early 2023 the only lawful route for banks' dollar transfers; tiers of 1,300, 1,310 and 1,320 from February 2023; 14 banks barred from dollar transactions in July 2023 and 8 more in February 2024; parallel rate about 1,650 in November 2023 and 1,520 to 1,530 in mid-March 2024	Conditional and uneven access; long documentation delays for some firms	Gunter (2024) [10]; Sulaiman *et al*. (2026) [43]
From January 2024	Dollar-denominated domestic contracts to be settled in dinars at the official rate; dollar deposits made after 1 January 2024 withdrawable only in dinars at the official rate	Statutory settlement rates relevant to paragraph 26	Gunter (2024) [10]

Period	Access regime and rates	Relevance for IAS 21	Sources
2025	International transactions routed through commercial banks' correspondent relationships; IMF: conventional peg, no current account restrictions or multiple currency practices	First year of the amendments; the CBI and Bank of Baghdad report no material effect; the banks reviewed translate dollar items at 1,310, one citing a CBI letter; one bank's 2025 statements do not mention the amendments	IMF (2025a, 2025b) [24]; Lee (2025) [33]; CBI (2025) [5]; Bank of Baghdad (2025) [2]; National Bank of Iraq (2025) [2]; National Islamic Bank (2026) [37]
January to early October 2026	Public official rate 1,320; parallel rate around 1,530; advance collection of customs duties and estimated income tax before outward transfers under Cabinet Resolution 413 of 2026	A persistent premium without a change in the formal mechanism	The New Region (2026) [45]; IraqiNews (2026a) [27]
From 7 October 2026	New tiers: 1,500 (Ministry of Finance to CBI), 1,510 (CBI to banks), 1,520 (banks to the public); Resolution 413 terminated; parallel quotes remained above the new tiers	First year end under the amended standard with a new rate structure	Lee (2026) [34]; VOA (2026) [46]; Shafaq News (2026) [42]; IraqiNews (2026a, 2026b) [27, 28]; Tabaqchali (2026) [44]

Note: Parallel rates are as reported in cited sources and are indicative. There is some variation in how they label the tiers of 7 October 2026; the labels shown are based on VOA (2026) and Shafaq News (2026).

These characteristics are manifested in reporting in official financial statements. The revaluation in February 2023 led to exchange differences of about IQD 10.8 trillion in the CBI's own results for 2023 (CBI, 2025) [5]. US dollar balances at the end of 2023 and 2024 were translated by the CBI at 1,300 dinars (CBI, 2025) [5] whilst Bank of Baghdad's interim statements at 30 September 2025 used 1,310 (Bank of Baghdad, 2025) [2].Each figure matches one of the official tiers: 1,300 was the rate at which the Ministry of Finance sold dollars to the CBI, and 1,310 the rate at which the CBI sold dollars to banks (Gunter, 2024) [10]. This is consistent with paragraph 26, which points to the rate at which each entity's own cash flows could be settled. It is also a first sign that, even inside the official system, there is more than one 'official rate'.

Other bank statements show how the rate reaches the accounts. National Islamic Bank's accounting policies for 2024 and 2025 state that foreign currency items are recorded at the rate approved by the CBI, 1,310 dinars per dollar, under a letter from the CBI's banking supervision department (No. 868/11/5), and that valuation differences are recognised in the income statement. Its auditor repeats the point in both years and states that the bank's foreign currency cash at the end of 2025 was valued at 1,310 (National Islamic Bank, 2025, 2026) [36, 37]. The bank's documents give different dates for the same letter: 8 or 28 February 2023 in the 2025 report, and February 2024 in the 2024 report. National Bank of Iraq uses the same rate; a USD 50 million borrowing facility, for example, is shown as IQD 65.5 billion in its interim statements for the first quarter of 2025 (National Bank of Iraq, 2025) [35].

Bank of Baghdad's statements also show the regime at work. The bank reports about USD 9.6 billion of transfers executed through the platform in the first nine months of 2025, and it holds customer funds received for the purpose of entering the transfer platform, IQD 267 billion at 30 September 2025 against IQD 517 billion at the end of 2024 (Bank of Baghdad, 2025) [2]. National Bank of Iraq similarly reports amounts received from customers so that they could enter the CBI's foreign currency sale window, IQD 119.6 billion at 31 March 2025 against IQD 269.6 billion at the end of 2024 (National Bank of Iraq, 2025) [35]. Both the CBI and Bank of Baghdad state that the amendments to IAS 21 had, or were expected to have, no material effect on their financial statements (Bank of Baghdad, 2025; CBI, 2025) [2, 5]. National Islamic Bank's statements for 2025, the first annual period under the amendments, do not mention them; their note on new and amended standards lists only pronouncements issued up to 31 December 2015, as did the note in the bank's 2024 report (National Islamic Bank, 2025, 2026) [36, 37].

4.3. Why a Premium Is Not Proof of Non-Exchangeability

The IMF's 2025 finding that Iraq had no multiple currency practices does not settle the accounting question. Under IMF policy such a practice requires official action producing spreads beyond permissible margins; a spread with no official action behind it, as in an illegal parallel market, does not count (IMF, 2019, n.d.) [23]. IAS 21 is interested in something else, namely whether a particular entity can obtain a currency for a particular purpose through an enforceable mechanism within a normal delay. A country may have no multiple currency practices and still contain entities that cannot get dollars for some of their purposes.

Nor does a persistent premium show that access is closed; it can coexist with full access for many reporting entities. Bank of Baghdad alone executed about USD 9.6 billion of transfers through the official system in nine months of 2025 while a premium persisted, and accounts of the period attribute much of the parallel demand to agents who could not or would not meet documentation requirements (Gunter, 2024; Sulaiman *et al*., 2026) [10, 43]. And the parallel rate is not the default accounting rate either. It is only entered in Step II, after a conclusion that a currency is not exchangeable, and only as an input adjusted as necessary to meet the objective in paragraph 19A (paragraph A17; IASB staff, 2022, paragraph 32) [21].

5. Three Open Judgements and a Disclosure Asymmetry

5.1. Ability Under Conditional and Uncertain Access

Paragraph 8 turns on whether an entity 'is able to obtain' the other currency. If there is a mechanism that screens each request, the truthful answer is usually 'sometimes'. One request approved in days, another requests more documents, a third denied. Paragraph A3 and Example 1 include the time required for checks in a normal delay and paragraph A10 compares the obtainable amount with the amount required but both are written as if the delay and obtainable amount were known in advance. Once the result of a request is not certain, the entity has to decide what "able to obtain" means. The Board was asked to resolve the matter on a "more likely

than not" basis and refused (IASB staff, 2022, paragraph 27) [21].

There are at least three ways to read it. An eligibility reading is that an entity can access the currency when there is a legal mechanism and the entity is formally entitled to use it. It is easy to apply, but it does not include the delay and amount tests, and would describe the Iraqi platform of early 2023, when most requests were reportedly denied, as providing currency on demand. An expected-outcome read requires the entity to estimate the portion of its requirement that would be likely to be satisfied and apply paragraph A10 to that portion. It uses the evidence but it makes a probability out of a test of capacity and that is what the Board ruled against. The third reading, called here evidenced capacity, asks how much of the required amount the entity has reasonable and supportable evidence it could obtain for the specified purpose, through enforceable mechanisms, within the time the mechanism normally needs to process a complete and compliant request. This paper argues that the third reading is best suited to the text. 'Able to' describes a capacity, and paragraph A4 separates capacity from intention. Example 1 describes the delay as the time the authority needs to perform its checks, which implies that the benchmark is a request that passes those checks rather than any request at all. The third reading also keeps the assessment entity-specific, as the Board intended, because the best evidence is the entity's own recent record for the same purpose, supported by information about the mechanism. On this reading, rejections caused by deficiencies the entity could cure do not reduce its ability, a point developed in Section 5.2, whereas rejections or long delays that recur for complete requests do. Where complete requests routinely take months, the delay is unlikely to be the short period the Board had in mind (IASB staff, 2022, paragraph 19) [21]. For example, regarding KPMG Argentina, when the access via the official market lasts more than 90 days, the entity uses a quicker mechanism based on securities instead (KPMG Argentina, 2023) [30].

Capacity evidenced is not free. Entities must keep records at the request level and analyze those records. Two entities subject to the same rules can arrive at different answers because one entity has better compliance systems than the other. By choosing an entity-level test, the Board accepted that consequence, but it makes the comparability and disclosure problems in Sections 5.3 and 5.4 harder. Timing is something else. The valuation is made at the date of measurement and subsequent information may support conditions existing at that date. After that date a regime change is a different. For an entity reporting at 30 September 2026, the reset of official rates on 7 October 2026 is a non-adjusting event. IAS 10 itself lists abnormally large changes in exchange rates after the reporting period as one of its examples (IAS 10, paragraph 22(h)).

5.2. Compliance Status: Obtaining a Currency Versus Paying a Counterparty

When screening looks at the applicant and the parties it deals with, a refusal of request can mean quite different things.

Take a request that fails over something the entity can fix, a missing invoice, say, or incomplete details of the beneficiary. A4 is about ability not intention or choice. An entity that can provide the papers, but has not yet done so, can still get the currency. However, treating such failures as inability would have enabled an entity's own administrative weakness or unwillingness to disclose information to shift it onto a different exchange rate.

This is another matter when the entity itself is shut out. This is the situation that some Iraqi banks found themselves in when they were banned from dollar transactions in July 2023 and February 2024 (Gunter, 2024) [10]. Losing one channel doesn't make the problem go away. Accepting both indirect and direct ability, paragraph A4 includes ability via a third currency and the factors are weighed together (IASB staff, 2022, paragraph 54) [21]. A banned bank can still buy dollars through another licensed gate, or receive another currency through settlement arrangements that were reported in Iraq to cover UAE dirhams, Chinese yuan and Turkish lira (Sulaiman *et al*, 2026) [43]. The currency is not exchangeable for that bank and purpose only if there is no enforceable route provides a significant amount in a normal time frame.

The third case is the one most easily misunderstood. The entity can obtain dollars but cannot pay a particular counterparty, because the counterparty or its payment corridor fails screening. On the wording of paragraph 8 this is not a lack of exchangeability. The entity is able to obtain the other currency. What it cannot do is move it through the official system to this payee. The problem is one of settlement, legal or credit risk, and other requirements deal with it. The measurement of a liability under IFRS 9 is unchanged, receivables may need impairment, penalties may require provisions under IAS 37, and the entity must explain significant judgements and its liquidity and currency risks (IAS 1, paragraph 122; IFRS 7, paragraphs 33 to 40). The aggregate test in paragraph A10 points the same way. Because the entity compares the total amount it can obtain with the total it requires for a purpose, a currency can be exchangeable for the purpose of settling liabilities even when one liability cannot be settled through the official system.

Bank of Baghdad's statements show the separation at work. The bank has balances with Banque du Liban that cannot be withdrawn in cash in foreign currency, and balances with the CBI branches in Sulaymaniyah and Erbil whose use in banking operations is restricted. It provides for both at 100 per cent under the expected credit loss model and leaves the exchange rate alone (Bank of Baghdad, 2025) [2]. One may question the size of those allowances. The structure, though, is the one argued for here: being unable to use certain balances is handled as a recovery problem and is not used as a reason to change the rate for every dollar item on the balance sheet.

In the end the three cases come down to a single question. Had the entity done everything within its own control at the measurement date, could it have obtained the currency for the specified purpose through an enforceable mechanism within the time that mechanism normally takes? A yes means the currency is exchangeable for that entity and purpose, whatever its recent failures. A no, for reasons beyond the entity's control, sends it to Step II.

5.3. Regulator-Set Rates, Settlement Rules and Paragraph 26

Regulators shape the rate used in financial statements through tiered official rates, statutory settlement rules and reporting directives, and each meets the amended standard in a different way.

Tiered official rates come first. Iraq has had several official rates at any one time. In March 2024 the CBI sold dollars at 1,305 for documentary credits and international card

settlements and at 1,310 for foreign transfers and cash, against a Ministry of Finance rate of 1,300 and a customer rate of 1,320 (Gunter, 2024) [10]. Since 7 October 2026 the tiers have been 1,500, 1,510 and 1,520. Paragraph 26 does not tell an entity to use 'the' official rate. It tells the entity to use the rate at which the cash flows of the item could have been settled at the measurement date. The CBI's use of 1,300 and Bank of Baghdad's use of 1,310 are consistent with this, and a trading company that buys dollars from its bank would look to the customer tier.

Statutory settlement rules raise fewer difficulties. From 2024 dollar-denominated domestic contracts in Iraq were to be settled in dinars at the official rate, and new dollar deposits could be withdrawn only in dinars at that rate (Gunter, 2024) [10]. For such items the cash flows will in fact be settled at the official rate, whatever the parallel premium, so paragraph 26 points to that rate. These items show most clearly why a premium is not evidence that the rate used in the accounts is wrong.

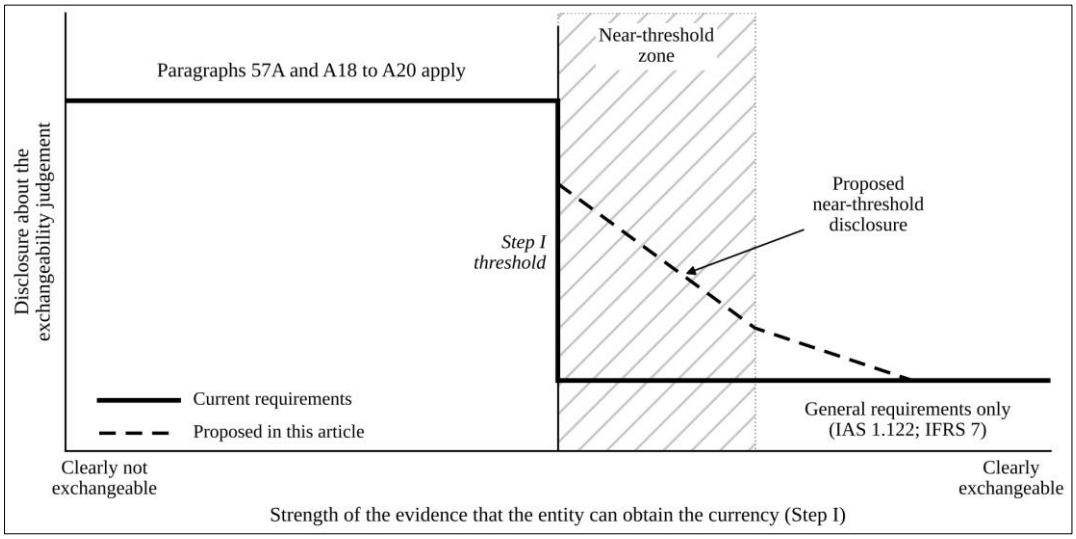
Reporting directives are the hardest case. Banque du Liban's Basic Decision 13612 of 2 February 2024 required banks and financial institutions to apply the IAS 21 translation principle to foreign currency monetary items using rates from its approved electronic platform (Banque du Liban, 2024) [3]. In Iraq, the CBI's letters after the 2020 devaluation set the rates to use and directed how revaluation gains should be held, in a way that Al-Saadi and Ahmed (2022) [1] regard as a departure from IAS 21. At National Islamic Bank, at least, the rate of 1,310 used in 2024 and 2025 arrived by supervisory letter, and the bank describes it as the rate 'approved by' the CBI (National Islamic Bank, 2026) [37]. A directive that names a rate or a treatment does not by itself change what IAS 21 requires. Where the directed rate is also the rate at which the entity's cash flows could be settled, the two coincide, as they did while 1,310 was the rate at which banks bought dollars from the CBI. The test comes when the tiers change. After 7 October 2026, a letter that still named the old rate, or any rate other than the one at which the entity's cash flows could be settled, would no longer coincide with the standard. Where directive and standard differ, the entity must decide whether it can still make an explicit and unreserved statement of compliance with IFRS (IAS 1, paragraph 16), and the auditor must consider the same question. A description of interim statements prepared under IAS 34 'as amended by the instructions of the Central Bank of Iraq' (National Bank of Iraq, 2025) [35] informs users that the framework is IFRS as modified by the regulator, but does not state if exchange rates are among the modifications. Directives that do not replace the standard but build on top of it do not have this conflict.

Regulators can also contribute to comparability without altering the entity-level test. Members of Emerging Economies The Group told staff that it expected entities in similar circumstances to reach the same conclusions (IASB staff, 2022, paragraph 9) [21], but KPMG Argentina (2023) [30] warns that conclusions may well differ. Published numbers would be useful. If the CBI published processing times and approval rates by purpose and channel, then preparers and auditors would be working from the same evidence. Any differences in findings would be differences in the entities' own records, not in how each interpreted the environment.

5.4. The Disclosure Asymmetry

57A is applicable only when the entity estimates a spot rate as the currency is not convertible. However, an entity that reaches the opposite conclusion, however slim the margin and however contested the evidence, is not required to provide any of the information listed in paragraphs A19 and A20. What remains are the general requirement to disclose significant judgments (IAS 1, paragraph 122, which moves to IAS 8 once IFRS 18 applies) and the IFRS 7 requirements on currency risk including sensitivity analysis (IFRS 7, paragraph 40).

Two of the Iraqi statements reviewed say only that the amendments had, or were expected to have, no material effect (Bank of Baghdad, 2025; CBI, 2025) [2, 5]; the 2025 annual statements of a third bank do not mention them (National Islamic Bank, 2026) [37]. Each of these conclusions may be right. A reader of the statements cannot tell how any of them was reached while a substantial premium persisted. This makes a cliff. Where one side of the threshold requires extensive disclosure, there is almost none on the other. However, the judgment is most important near the threshold. Figure 1 outlines this asymmetry.

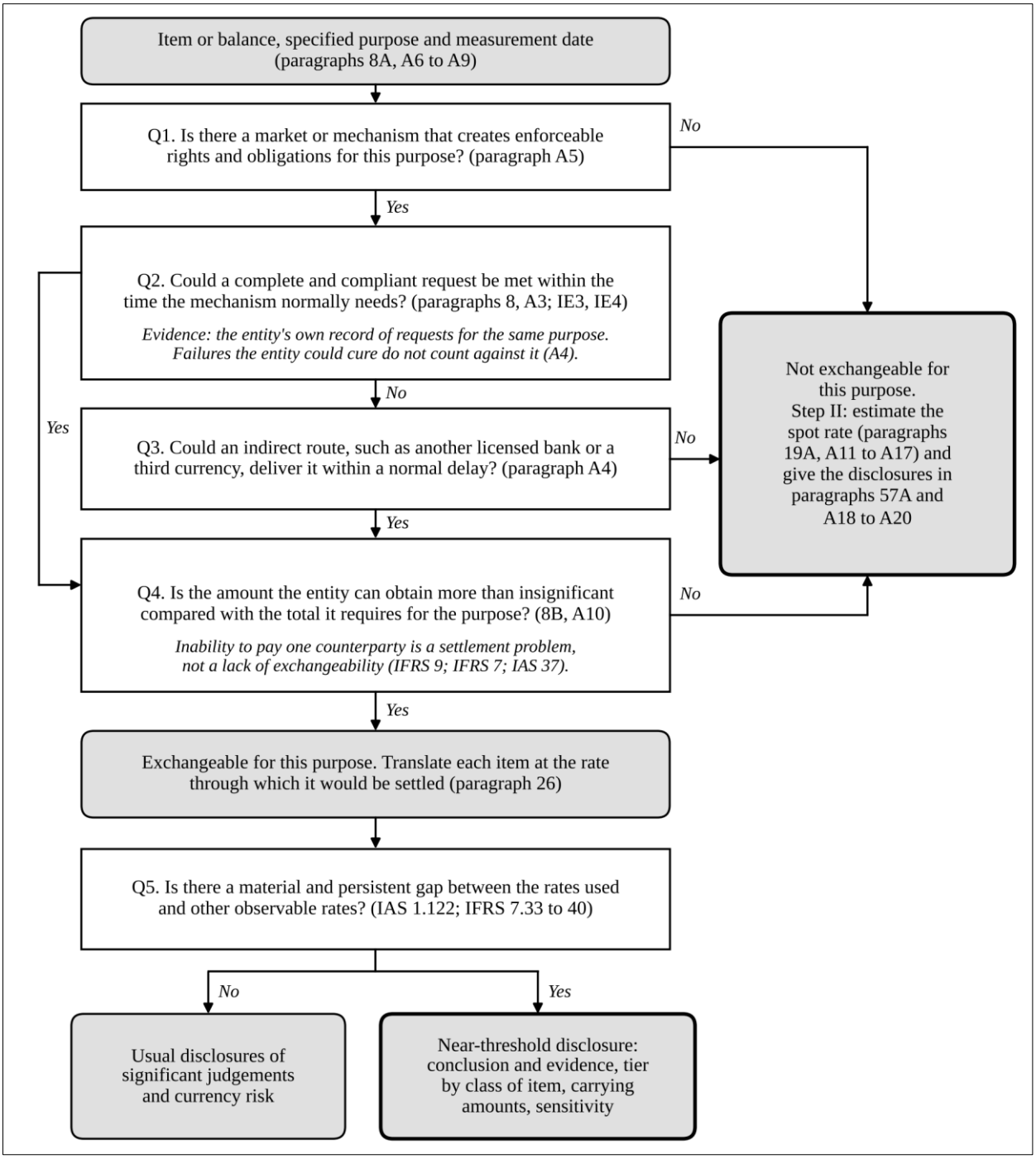


Note: a conceptual sketch, not drawn to scale. Source: the author, based on IAS 21 (paragraphs 57A and A18 to A20), IAS 1 (paragraph 122) and IFRS 7.

Fig 1: The disclosure asymmetry under amended IAS 21 and the proposed near-threshold disclosure

A modest remedy is available within existing requirements, which this article calls near-threshold disclosure. It is meant for an entity with material foreign currency exposures whose rates differ materially and persistently from other observable rates. Such an entity should disclose (a) the conclusion at Step I and the evidence supporting that conclusion, (b) which official tier each category of item applies to and why that is the case, (c) the amounts at risk, and (d) the impact of an alternative observable rate, clearly labeled as a sensitivity, not as an IAS 21 measure. The first two are driven by the requirement to disclose significant judgments, the third by the IFRS 7 requirements on concentrations of risk and the fourth falls within the currency sensitivity analysis already required by IFRS 7. Gilabert (2026) [9], using evidence from Argentina, also suggests to show how profit and equity would change at alternative rates. Where the proposal is pointing is the difference. It is the case that paragraph 57A does not cover. A conclusion that the currency is exchangeable. It is dependent on requirements already in force, not asking for a new rule.

Figure 2 shows the questions as an entity would ask them and Table 4 attaches to each the evidence to retain and the disclosure that follows. The flow begins with the diagram in paragraph A1 of the standard and adds the steps that compliance-conditioned access requires. Neither supersedes the standard, both are tools for organizing evidence.



Note: Q2 in the figure corresponds to questions 2 and 3 of Table 4, and the boxes for paragraph 26 and Step II correspond to questions 6 and 7. Illustrated by the Author from the diagram in IAS 21, paragraph A1 and the paragraphs cited in each box.

Fig 2: Judgement protocol for compliance-conditioned access

Table 4: A judgement protocol for compliance-conditioned access

Question	Anchor	Evidence to document	Consequence for the rate	Disclosure
1. Is there an enforceable mechanism for this purpose?	8; A5; A6 to A9	Legal texts, circulars and bank agreements in force at the measurement date	If none, not exchangeable: go to Step II	Description of restrictions (A19(a)) or of the mechanism relied on
2. Could a complete and compliant request be met within the mechanism's normal processing time?	8; A3; IE3 and IE4	Request logs, time stamps, reasons for rejection, bank confirmations	Routine long delays for complete requests point to a lack of exchangeability	Significant judgement (IAS 1, paragraph 122)
3. Are recorded failures curable by the entity?	A4	Classification of rejections as curable or not curable	Curable failures do not reduce ability	Significant judgement
4. Are there indirect routes?	A4; holistic assessment	Access through other licensed banks; third-currency settlement	Indirect access can establish ability	Significant judgement
5. Is the obtainable amount significant relative to the requirement?	8B; A10	Aggregate obtainable amount versus aggregate requirement for the purpose	An insignificant amount means not exchangeable	A19(b) and (c) if not exchangeable
6. Which available rate would settle the item?	Paragraph 26	Settlement channel for each class of item; statutory settlement rules	Apply the tier for that channel	Rates used by class of item
7. If not exchangeable, does an observable rate meet the objective?	19A; A12 to A17	Nature and update frequency of official tiers; other observable rates; adjustments	Observable rate or adjusted estimate	A19(d) to (f); A20
8. If exchangeable, is the conclusion near the threshold?	IAS 1, paragraph 122; IFRS 7, paragraphs 33 to 40	Size and persistence of the premium; exposures by class	No change to the rate	Near-threshold disclosure, including sensitivity

Source: the author, based on IFRS Foundation (2026), IASB (2023) and IASB staff (2022).

6. Hypothetical Illustrations

The three entities below are fictional, but their circumstances are based on Section 4. The amounts, the request records and the parallel quote of 1,680 dinars per dollar are assumptions. The date of measurement is 31 December 2026 and the official tiers are those announced 7 October 2026.

Bank A (fictional). Bank A is an Iraqi bank and its functional currency is the dinar. It maintains US dollar balances with correspondent banks and has US dollar customer deposits. It reported that fourth quarter 2026 full transfer requests were completed within two business days, and requests returned for incomplete customer information were completed upon receipt of the documents. Under the protocol, a lawful mechanism exists (question 1), complete requests are met within the mechanism's normal time (question 2), the recorded failures were curable (question 3) and the amounts obtained were not insignificant (question 5). The dinar is exchangeable into dollars for the purpose of settling Bank A's dollar items. Under paragraph 26, Bank A translates each class of items at the tier through which it would be settled. It is assumed here that its correspondent balances would be realised at the bank tier of 1,510 and that, under the applicable rule, its customer deposits would be settled in dinars at the customer tier of 1,520. Because the assumed parallel quote is between 10 and 12 per cent above these tiers, Bank A gives near-threshold disclosure: its conclusion and the evidence for it, the tiers used for each class, and the sensitivity of its net dollar position to an alternative observable rate.

Importer B (hypothetical). Importer B reports under IFRS and its functional currency is the dinar. At the measurement date it owes USD 4.0 million to four suppliers. Payables of USD 3.0 million are owed to suppliers whose payment corridors pass screening, and B's bank has executed such payments within a few days. The remaining USD 1.0 million is owed to a supplier whose corridor no bank available to B will process, and no third-currency route is available. B can obtain dollars, but it cannot pay this supplier through the official system. Applying paragraph A10, B compares the amount it can obtain for the purpose of settling its dollar liabilities with the USD 4.0 million it requires. Even on a strict reading that counts only the USD 3.0 million that can be both obtained and remitted, three quarters of the requirement is not an insignificant amount. The dinar is convertible for this purpose and all four payables are translated at the customer tier of 1,520 giving IQD 6,080 million. If B expects to settle the USD 1.0 million through informal channels at the assumed 1,680, the economic cost of that payable is IQD 160 million in excess of its carrying amount. The difference is not recognized by IAS 21 and the new disclosures do not require it to be mentioned. The position would be visible through near-threshold disclosure, with the IFRS 7 disclosures on liquidity and currency risk and any IAS 37 assessment of penalties.

Group C (hypothetical). The parent's functional and presentation currency is the US dollar. Its Iraqi subsidiary uses the dinar and has net assets of IQD 200 billion, so the purpose in question is realising the net investment (paragraph A7(c)). Suppose dividend remittance requests have been taking more than six months and approvals have covered under 10 per cent of the sums requested, while the same subsidiary's import payments clear within days. For the net investment purpose, complete requests are not met within a normal delay and the obtainable amount is insignificant, so the dinar is not exchangeable for that purpose, much as in Example 3 of the illustrative examples. In Step II the obvious candidate is the bank tier of 1,510, which governs import payments. Paragraph A14 gives reasons to hesitate before using it unadjusted. There are several official tiers, access is easier for imports than for remittances, the rate is set by the authorities and does not float, and official rates stayed fixed for long stretches, from February 2023 to October 2026 among them. Thus, Group C may use a different methodology that starts with observable rates, including the assumed parallel quote, and adjust those rates as appropriate (paragraph A17). The net assets at 1,510 are about USD 132.5 million and at 1,680 are about USD 119.0 million, a

difference of about USD 13.4 million or 10.1 percent. The disclosures required by paragraphs A19 and A20 apply to the rate that is ultimately estimated.

Small changes in the facts would reverse each outcome. If Bank A has to wait for months to fulfilll all its requests, it would go to Step II. If Importer B could only obtain and remit a small part of what it owes, it would fail the aggregate test. And if remittances of Group C began to clear routinely within a short period, the dinar would become exchangeable for the net investment purpose and paragraph 26 would refer to the relevant official tier. Table 5 gives the three cases side by side.

Table 5: Summary of the hypothetical illustrations (measurement date 31 December 2026)

Entity	Purpose (A7)	Key assumed facts	Step I	Rate used	Disclosure
Bank A	Settling individual items (A7(a))	Complete requests executed within two business days; rejections cured on resubmission	Exchangeable	1,510 for correspondent balances; 1,520 for customer deposits	Near-threshold
Importer B	Settling liabilities (A7(a)), aggregate test	USD 3.0 million of USD 4.0 million can be obtained and remitted; USD 1.0 million corridor blocked	Exchangeable	1,520 for all payables (IQD 6,080 million)	Near-threshold; IFRS 7; IAS 37 where relevant
Group C	Realising net investment (A7(c))	Remittances take more than six months; approvals below 10 per cent of requests	Not exchangeable	Estimated; 1,680 gives USD 119.0 million against USD 132.5 million at 1,510	A19 and A20

Note: all characters and figures are fictitious. The parallel quote of 1,680 is an assumption and not an observed rate at the measurement date.

7. Implications

For persons who prepare. An entity with material dollar exposures should treat Step I as a judgment that needs to be documented, not a box to tick. This means keeping track of its requests by purpose and channel, marking which rejections it could have cured, noting any indirect routes it has used, and recording for each class of items the official tier through which it would be settled. If a material premium continues to exist, the near-threshold disclosure discussed in Section 5.4 should be provided. The first-year end under the new tiers is the obvious place to start year ending 31 December 2026. By late October 2026, the premium had not closed.

For auditors. The Step I conclusion is a significant judgment and any Step II rate is an accounting estimate within ISA 540 (Revised) (International Auditing and Assurance Standards Board, 2018) [22]. The presence of a lawful mechanism does not settle anything by itself. The presence of a premium does not settle anything by itself. The audit work should go to the entity 's evidence about complete requests. If a regulator's letter specifies a rate or treatment, the auditor should inquire as to whether the financial statements can still be said to comply with IFRS without reservation.

For the Central Bank of Iraq and other regulatory bodies. The CBI can increase faithfulness and comparability simultaneously without overriding the entity-level test. Common evidence for preparers would be data on processing times and approval rates by purpose and by channel. It could report letters identifying which tier applies to which settlement channel and leave the rest to IAS 21, rather than prescribing treatments that deviate from the standard, as appears to have happened after the 2020 devaluation (Al-Saadi & Ahmed, 2022) [1]. As the tiers changed on 7 October 2026, a letter setting out a rate also needs to be replaced as soon as possible. Lebanon is one example, with its 2024 decision linking banks' translation to the IAS 21 principle and to a named platform rate (Banque du Liban, 2024) [3].

For the standard setters There were good reasons for the Board not to set thresholds for delay or likelihood. No new rule is proposed here. However, a future review of the amendments could consider whether the disclosure objective in paragraph 57A should result in the conclusion that a currency is exchangeable when access is restricted or conditional. It could also ask if educational material about compliance, as a condition of access, would restrict diversity in practice.

8. Limitations and Directions for Research

Several limits need to be clearly stated. It is a concept argument. The evidence-capacity reading and the protocol are proposals and paragraphs A4 and A10 can be read differently. The CBI's statements for 2024, one bank's annual statements for 2024 and 2025, and two other banks' interim statements provide enough evidence for what some statements contain but not enough to characterize the sector. Some sources were skimmed: the decisions of the Interpretations Committee via agenda papers and summaries and the IMF staff report via the wording reproduced by Lee (2025) [33] plus the IMF press release. Sulaiman *et al*. (2026) [43] are used for description only, as their series is partly estimated. The October 2026 events are recent and the reported parallel rates are indicative, so regulation may well change after the time of writing. And the three entities in Section 6 are hypothetical; they illustrate the argument without testing it.

Each of these limit's points to work that could be done. An archival study could compare the Step I conclusions and disclosures in the 2025 and 2026 annual reports of entities exposed to Iraq, Lebanon, Argentina, Egypt and Nigeria, and see whether entities under the same rules conclude differently. An experiment in the tradition of research on standards precision (Nelson, 2003) [38] could provide evidence to auditors on rejection rates and ask what is a 'normal' delay. A study of regulatory directives could follow how often they conform to IAS 21 and what auditors do when they do not.

9. Conclusion

Amended IAS 21, read closely, leaves less room for interpretation than one would expect from a principles-based document. The Board considered delay, purpose, small amounts and enforceability and consciously decided not to set thresholds or rule on whole jurisdictions. For this reason, this article has not given another classification of restrictions. It has been concerned with the narrower set of questions that arise where there is a lawful channel, but access is contingent on compliance checks: how ability is to be evidenced where outcomes are uncertain, how inability based on compliance

status should be treated, and how an entity level test sits next to tiered official rates, settlement rules and regulatory letters. In addition to these, there is the disclosure asymmetry, where paragraph 57A applies only to one side of the Step I threshold.

Iraq 2020-2026 explains why the questions are important. But in addition to an official regime that moved billions of dollars, and an array of official tiers, and rules that link certain goods to certain rates, there existed a parallel premium of roughly 26 percent. And the premium did not mean the dinar was non-convertible. The parallel rate was not necessarily the right rate to book. The deciding factor is the entity's own record of complete requests for a specified purpose read against paragraphs 8, A3, A4, A10 and 26. The protocol and near-threshold disclosure we propose are ways of putting that record in front of users. Whether Iraqi preparers, auditors and the CBI will take that step will be evident in the first annual reports under the new rates, for the year ending 31 December 2026.

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