
IASB[®] meeting

Date	April 2024
Project	Updating the Subsidiaries without Public Accountability: Disclosures Standard
Topic	Due process
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Purpose of this paper

1. The purpose of this paper is:
 - (a) to set out the steps in the [IFRS Foundation Due Process Handbook](#) (the *Due Process Handbook*) that the International Accounting Standards Board (IASB) has taken in developing the “catch-up” Exposure Draft following the issue of the forthcoming IFRS 19 *Subsidiaries without Public Accountability: Disclosures*;
 - (b) to ask the IASB's permission to begin the balloting process for the catch-up Exposure Draft; and
 - (c) to ask whether any IASB member intends to dissent from the proposals of the catch-up Exposure Draft.

Structure of this paper

2. This paper includes:
 - (a) project background—summary (paragraphs 3–10);
 - (b) due process steps and permission for balloting (paragraphs 11–19);

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- (c) next steps—timetable for balloting and publication (paragraph 20); and
 - (d) appendices to this paper:
 - (i) Appendix A—Due process steps taken in developing the catch-up Exposure Draft; and
 - (ii) Appendix B—IASB's tentative decisions on developing the catch-up Exposure Draft.

Project background—summary

3. IFRS 19 will be voluntary for eligible subsidiaries and will permit these subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements.¹
4. The IASB expects to issue IFRS 19 in May 2024.
5. When the IASB developed the reduced disclosure requirements, it considered issued IFRS Accounting Standards as at 28 February 2021. When IFRS 19 is issued, it will not include reduced versions of any disclosure requirements that were added or amended after that date (that is, all new or amended disclosure requirements issued after that date will be included in full in IFRS 19 without any reductions for eligible subsidiaries).
6. In July 2023, the IASB confirmed that new and amended IFRS Accounting Standards after 28 February 2021 will be dealt with through a catch-up Exposure Draft. The catch-up Exposure Draft will propose amending the requirements in IFRS 19 for new or amended disclosure requirements based on applying the principles for reducing disclosures (see [Agenda Paper 31A Effective date and transition](#) of the July 2023 IASB meeting). In November 2023, the IASB agreed on a project plan for the preparation of the catch-up Exposure Draft and on a plan for maintaining IFRS 19 and

¹ A subsidiary is eligible if:

- It does not have public accountability; and
- It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

dealing with new and amended disclosure requirements after the catch-up Exposure Draft is published. In that meeting, the IASB discussed that disclosure requirements from the following projects will be included in the catch-up Exposure Draft:

- (a) *Lack of Exchangeability* (Amendments to IAS 21);
- (b) *International Tax Reform—Pillar Two Model Rules* (Amendments to IAS 12);
- (c) *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7);
- (d) *Non-current Liabilities with Covenants* (Amendments to IAS 1);
- (e) *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7);
- (f) *Primary Financial Statements* (IFRS 18 *Presentation and Disclosure in Financial Statements*);
- (g) *Rate-regulated activities*; and
- (h) *Annual improvements*.

7. In November 2023, the IASB agreed on a plan for publishing the catch-up Exposure Draft. In March 2024, the IASB completed its discussions for the proposals to be included in the catch-up Exposure Draft.

- (a) For projects listed in paragraph 6(a)–(f) of this paper, the catch-up exposure draft is proposing disclosure requirements to be deleted from IFRS 19. This is because new disclosure requirements from these projects will be in IFRS 19 (see paragraph 5 of this paper).
- (b) For the project on Rate-regulated activities, the catch-up Exposure Draft will seek views on not proposing any reduced disclosures for eligible subsidiaries at this time.
- (c) For the project on Annual improvements, the tentative decisions by the IASB on the project do not affect the disclosure requirements in IFRS 19 and do not need to be considered for the catch-up Exposure Draft.

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8. Appendix B of this paper summarises IASB's tentative decisions on developing the catch-up Exposure Draft.

Analysis of the expected effects

9. The proposed amendments are narrow in scope and would not change the underlying principles in IFRS 19. The main effect is expected to be increased consistency with the objective of IFRS 19 (that is, proposing reduced versions of new and amended disclosure requirements on projects listed in paragraph 6 of this paper, where currently all disclosure requirements would otherwise apply).²
10. Consequently, the staff think there is no need to have a separate effects analysis. The IASB considered costs and benefits for eligible subsidiaries in developing the proposals in the catch-up Exposure Draft. The catch-up Exposure Draft will include a discussion of the expected costs and benefits of these proposals.

Due process steps and permission for balloting

11. Paragraph 6.6 of the *Due Process Handbook* states:

When the Board has reached general agreement on the technical matters in the project and has considered the likely effects of the proposals (see paragraphs 3.76–3.81), the technical staff presents a paper to the Board:

(a) summarising the steps that the Board has taken in developing the proposals, including a summary of when the Board discussed the project in public meetings, public hearings held, outreach activities and meetings of consultative groups;

² Except for disclosures requirements in *Amendments to the Classification and Measurement of Financial Instruments* and *Rate-regulated Activities*.

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- (b) if applicable, reaffirming why the Board has decided that it was not necessary to have a consultative group or to have conducted fieldwork; and
 - (c) recommending a comment period for the exposure draft.
12. The requirements in paragraph 6.6 of the *Due Process Handbook* are addressed in this paper as follows:
- (a) the due process steps taken during the project, together with Appendix A to this paper, provide further details on the due process steps taken (paragraphs 13–15);
 - (b) the recommended comment period (paragraphs 16–17); and
 - (c) confirmation of due process steps, permission to begin the balloting process and whether any IASB member intends to dissent from the proposals in the Exposure Draft (paragraphs 18–19).

Due process steps taken

IASB meetings

13. The IASB is required to debate all proposals in public meetings. As explained in paragraph 6 of this paper, in November 2023 the IASB agreed on a plan for the approach to be taken in the project. The IASB discussed the proposals between January 2024 and March 2024. The IASB completed its discussions in March 2024.

Reporting to the Due Process Oversight Committee and IFRS Advisory Council

14. The IASB is required to update the IFRS Advisory Council on its technical programme and major projects as part of its due process (paragraph 3.54 of the *Due Process Handbook*).

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15. The Trustees of the IFRS Foundation (Trustees), the Due Process Oversight Committee (DPOC) and the IFRS Advisory Council have received regular updates on the status and progress of the project as part of the discussion of the IASB's activities.

Comment period

16. Paragraph 6.7 of the *Due Process Handbook* states that the IASB normally allows a minimum period of 120 days for comment on an exposure draft. However, if the matter is narrow in scope and urgent, the IASB may consider a comment period of no less than 30 days. This is subject to obtaining approval from the DPOC.
17. The nature of the prospective amendments to IFRS 19 that will be proposed in the catch-up Exposure Draft are narrow and not urgent. Therefore, the staff have not identified any reason to deviate from this requirement and believe a 120-day comment period will allow sufficient time for stakeholders to review the proposals and provide feedback on the catch-up Exposure Draft.

Confirmation of due process steps, permission to begin the balloting process and intention to dissent

18. Appendix A of this paper summarises the required due process steps in developing and publishing the catch-up Exposure Draft together with the status of, and any planned action for, these steps. We note that the applicable due process steps to date for balloting of the catch-up Exposure Draft have been completed. Consequently, the staff are requesting permission to begin the balloting process.
19. In accordance with Paragraph 6.23 of the *Due Process Handbook*, we are asking whether any IASB member intends to dissent from the publication of the catch-up Exposure Draft.

Next steps—timetable for balloting and publication

20. We plan to begin the balloting process after IFRS 19 has been issued and expect the catch-up Exposure Draft to be published in July 2024.

Questions for the IASB

1. **Comment period**—does the IASB agree with our recommendation to allow a comment period of 120 days for the catch-up Exposure Draft?
2. **Dissent**—does any IASB member intend to dissent from the publication of the catch-up Exposure Draft?
3. **Permission to begin the balloting process**—Is the IASB satisfied that it has complied with the applicable due process steps and that it should begin the balloting process for the catch-up Exposure Draft?

Appendix A—Due process steps taken in developing the catch-up Exposure Draft

Steps	Required/Optional	Actions
<p>IASB meetings held in public, with papers available for observers. All decisions are made in public sessions.</p>	<p>Required</p>	<p>The project page on the IFRS Foundation website contains a full description with up-to-date information.</p> <p>Agenda papers are posted on the IFRS Foundation website on a timely basis before every meeting, and a summary of each meeting is included in <i>IASB Updates</i>.</p> <p>The IASB discussed and made tentative decisions on proposals in the catch-up Exposure Draft in January–March 2024. See Appendix B for summary of tentative decisions made.</p>
<p>Consultation with the Trustees and the Advisory Council</p>	<p>Required</p>	<p>The Trustees and the Advisory Council have been updated on the project as part of their discussions of the IASB’s technical activities.</p>
<p>Analysis of the likely effects of the Exposure Draft or major amendment,</p>	<p>Required</p>	<p>The catch-up Exposure Draft will outline an analysis of the expected effects of the proposals.</p>

for example, initial costs or ongoing associated costs.		
Email alerts are issued to registered recipients.	Optional	Interested parties have been notified when updates to the project website have been made using the News section of the project page and subscriber email alerts.
Consultative groups used, if formed.	Optional	Not applicable. The IASB decided not to establish a consultative group for the main project (<i>Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures</i>).
Outreach meetings to promote debate and hear views on proposals that are published for public comment.	Optional	The IASB will consult with stakeholders (including through outreach meetings) when the catch-up Exposure Draft is published.
Undertaking fieldwork	Optional	
Webcasts and podcasts to provide interested parties with high-level updates or other useful	Optional	Not applicable.

information about specific projects		
Finalisation		
Due process steps reviewed by the IASB.	Required	This paper asks the IASB to review the due process steps for the project.
The catch-up Exposure Draft has an appropriate comment period.	Required	This paper seeks the IASB's approval for a comment period of 120 days. The proposed comment period is in line with period specified in paragraph 6.7 of the <i>Due Process Handbook</i> and, therefore, no special approval is required from the Due Process Oversight Committee.
The IASB sets an effective date for the Standard, considering the need for effective implementation, generally providing at least a year.	Required	As a necessary step before beginning the balloting process, at this month's meeting (see Agenda Paper 32A <i>Effective date and transition</i>), the staff have recommended an effective date for the amendments to IFRS 19 for the IASB to decide.
Drafting		
Drafting quality assurance steps are adequate.	Required	The translations, editorial and taxonomy teams will review drafts during the balloting process.

<p>External reviewers are used to review drafts for editorial review and the comments collected are considered by the IASB.</p>	<p>Optional</p>	<p>The project team plans to ask the International Forum of Accounting Standard-Setters (IFASS) members to perform an external editorial review of a draft of the catch-up Exposure Draft.</p>
Publication		
<p>Catch-up Exposure Draft published.</p>	<p>Required</p>	<p>The catch-up Exposure Draft will be made available on the project website when published.</p>
<p>Press release to announce publication of the catch-up Exposure Draft.</p>	<p>Required</p>	<p>The project team will work with the Communications team to plan and prepare a press release to accompany the publication of the catch-up Exposure Draft.</p> <p>A press release will be published on our website with the Exposure Draft.</p>
<p>Snapshot document to explain the rationale and basic concepts included in the catch-up Exposure Draft.</p>	<p>Optional</p>	<p>No snapshot will be prepared given the narrow scope nature of the proposed amendments.</p> <p>Furthermore, the project summary for IFRS 19 includes background information on the catch-up Exposure Draft.</p>

Appendix B—IASB’s tentative decisions on developing the catch-up Exposure Draft

Project/Amendments	Tentative Decision
<i>Lack of Exchangeability</i> (Amendments to IAS 21)	In January 2024, the IASB tentatively decided to propose retaining in IFRS 19 disclosure requirements from paragraph 57B of IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> and paragraphs A19–A20 of Appendix A to IAS 21.
<i>International Tax Reform—Pillar Two Model Rules</i> (Amendments to IAS 12)	In January 2024, the IASB tentatively decided to propose retaining in IFRS 19 disclosure requirements from paragraphs 88A–88D of IAS 12 <i>Income Taxes</i> .
<i>Supplier Finance Arrangements</i> (Amendments to IAS 7 and IFRS 7)	In January 2024, the IASB tentatively decided to propose retaining in IFRS 19 disclosure requirements from paragraphs 44G–44H of IAS 7 <i>Statement of Cash Flows</i> .
<i>Amendments to the Classification and Measurement of Financial Instruments</i> (Amendments to IFRS 9 and IFRS 7)	In February 2024, the IASB tentatively decided: <ul style="list-style-type: none"> (a) to not retain in IFRS 19 the prospective amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to equity instruments designated at fair value through other comprehensive income; and (b) to retain in IFRS 19 the prospective amendments to IFRS 7 relating to changes in contractual cash flows.
<i>Primary Financial Statements</i> (IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>) and <i>Non-current Liabilities with Covenants</i> (Amendments to IAS 1)	In March 2024, the IASB tentatively decided: <ul style="list-style-type: none"> (a) replacing the requirements relating to management-defined performance measures with a reference to those requirements in IFRS 18; and (b) deleting the disclosure objective from a disclosure requirement relating to non-current liabilities. The IASB also tentatively decided not to propose amending disclosure requirements that are expected to be carried forward from IAS 1 <i>Presentation of Financial Statements</i> to IFRS 18.

Project/Amendments	Tentative Decision
<i>Rate-regulated activities</i>	<p>In March 2024, the IASB tentatively decided:</p> <ul style="list-style-type: none"> (a) not to develop reduced disclosures for the prospective Rate-regulated activities Standard now; and (b) to include a question seeking stakeholders' views on the decision not to develop reduced disclosures in the catch-up Exposure Draft.
<i>Annual Improvements</i>	<p>The tentative decisions by the IASB in finalising its proposals for <i>Annual Improvements</i> do not affect the disclosure requirements in the Standard and do not need to be considered for the catch-up Exposure Draft.</p>