

7 August 2025

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Dear Ms Wallace, Mr Carr and Mr Hallam

Due process for the IASB's prospective *Regulatory Assets and Regulatory Liabilities* Standard

I am writing on behalf of the IFRS Foundation Due Process Oversight Committee (DPOC) to respond to your letters of [3 June](#) and [23 July 2025](#). In these letters, you raise concerns about the direct (no direct) relationship concept in the IASB's prospective *Regulatory Assets and Regulatory Liabilities* Standard. The UKEB notes that the IASB's decision not to re-expose its proposals as a result of developing this concept does not fully meet the requirements of the [IFRS Foundation Due Process Handbook](#).

We convened a meeting on [24 July 2025](#) where all seven DPOC members were in attendance, and were joined by the IASB's Chair and Vice-Chair, IASB member Nick Anderson and senior members of the project team. The audio of the meeting was webcast and is available on the IFRS Foundation website, together with the [two papers](#) the IFRS Foundation and IASB technical staff prepared for our discussion. These procedures follow the requirements of Section 9 of the *Due Process Handbook*.

The DPOC's role is limited to matters of due process. Accordingly, at our meeting we assessed whether the IASB appropriately considered the need to expose revised proposals applying the requirements in the *Due Process Handbook*. We focused particularly on the fact that the direct (no direct) relationship concept was developed in 2022 after the formal consultation on the Exposure Draft of the Standard.

The DPOC noted that the *Due Process Handbook* explains that the more fundamental the change from the exposure draft, the more likely it is that proposals should be re-exposed. However, it also noted that such changes do not compel the IASB to re-expose. In particular, the DPOC noted that paragraph 6.26 of the *Handbook* states that '[i]f the [IASB] is satisfied that the revised proposals respond to the feedback received and that it is unlikely that re-exposure will reveal any new concerns, it should proceed to finalise the proposed requirements.'

In light of the information provided in the papers and our discussion with the IASB leadership and technical staff, the DPOC was satisfied that the IASB appropriately considered the need to expose revised proposals and concluded that re-exposure would be unlikely to reveal new concerns. In that context, I note that a significant number of meetings were held with the UKEB staff to discuss concerns about the direct (no direct) relationship concept. Furthermore, these concerns were discussed in a public IASB meeting and some IASB

members also heard the UKEB raised their concerns at several Accounting Standards Advisory Forum meetings. The DPOC members therefore unanimously confirmed that the IASB had met the required due process requirements.

In confirming that due process had been met, the DPOC noted the importance of the IASB clarifying the objective of the prospective Standard. It also asked the IASB to continue discussing your concerns with the UKEB and to support companies in the UK as much as possible in their implementation of the prospective Standard. For example, it was suggested that illustrative examples or implementation guidance accompanying the Standard could address facts patterns that are particularly relevant to some UK entities.

Thank you for your engagement with the IASB on this project and also for taking the time to engage on the associated due process with the DPOC. I fully expect that your engagement will contribute to enhancements in how the new Standard is explained to stakeholders.

Yours sincerely

Steven Maijoor

Chair, IFRS Foundation Due Process Oversight Committee

cc: Andrew Death, Deputy Director, Corporate Reporting, Assurance and Governance,
Department for Business and Trade
Paul Lee, Incoming Chair, UK Endorsement Board
Ruairi O'Connell, Director of International, Financial Conduct Authority
Richard Sexton, IFRS Foundation Trustee
Andreas Barckow, Chair, International Accounting Standards Board