

**TEXT OF E-MAIL FROM MICHELLE SANSOM TO DUE PROCESS OVERSIGHT COMMITTEE (DPOC)**  
**Date: 16 June 2015**

**Report to the Due Process Oversight Committee—June 2015**

The IASB will hold its next meeting in the week commencing 22 June 2015 in London. There are four papers to be brought to the attention of the DPOC:

- Agenda Paper 4 – Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging: Due Process (but see note below).
- Agenda Paper 12A – Draft Interpretation of IAS 21—*The Effects of Changes in Foreign Exchange Rates*—Foreign Currency Transactions and Advance Consideration.
- Agenda Paper 12C—Proposed narrow-scope amendment: IFRS 8 *Operating Segments*—Clarifications arising from the PIR.
- Agenda Paper 7B—Clarifications to IFRS 15 *Revenue from Contracts with Customers*—Summary of Due Process.

Copies of the agenda papers are attached to this email.

**Agenda Paper 4—Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging (please note that this paper has subsequently been deferred until the IASB’s meeting in July 2015)**

This paper recommends that the IASB should develop a second Discussion Paper (DP) as the next stage in the Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging project. The agenda paper notes:

*While the 2014 DP was successful in terms of gathering views of respondents and confirming the need for the project, the staff also note the significantly conflicting messages which were received from stakeholders regarding the objectives of the project (as noted in the February and March 2015 IASB meetings). The staff think that the insights that the IASB received from comments and feedback to the 2014 DP is not necessarily sufficient for the IASB to move on to an Exposure Draft of a proposed Standard. As a result, although the staff consider that there is a strong mandate to develop an accounting model for Dynamic Risk Management activities in IFRS financial statements, we do not consider that the IASB should move on to an Exposure Draft without conducting further research and consultation.*

A more comprehensive review of this project is included at Agenda Paper 2B *Technical Update*, for the DPOC meeting due to be held on 18 June 2015.

**Agenda Paper 12A—Draft Interpretation of IAS 21—*The Effects of Changes in Foreign Exchange Rates*—Foreign Currency Transactions and Advance Consideration**

The IFRS Interpretations Committee has decided to publish a draft Interpretation of IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The Interpretation addresses the rate of exchange to be used when an entity pays or receives some or all of the foreign currency consideration in advance of the recognition of the related asset or liability (a prepayment or deferred income).

The IFRS Interpretations Committee is asking the IASB to confirm that it is satisfied that all due process requirements to date have been complied with prior to the publication of the draft Interpretation.

The due process steps are outlined in Appendix A of Agenda Paper 12A.

In line with paragraph 7.11 of the *Due Process Handbook* a comment period of no less than 90 days is requested.

**Agenda Paper 12C—Proposed narrow-scope amendment: IFRS 8 *Operating Segments* Clarifications arising from the PIR**

Following the Post-implementation Review (PIR) of IFRS 8, the IASB has tentatively decided to propose a number of narrow-scope amendments that address matters identified in that PIR. The nature of the amendments varies from clarification of existing requirements to providing guidance and extending disclosures.

The IASB is requested to confirm that it is satisfied that all due process requirements to date have been complied with. A summary of the due process steps undertaken is set out in Appendix A of Agenda Paper 12C.

In accordance with paragraph 6.7 of the IFRS Foundation's *Due Process Handbook* a 120-day comment period is recommended.

**Agenda Paper 7B—Clarifications to IFRS 15 *Revenue from Contracts with Customers*—Summary of Due Process**

As previously highlighted to the DPOC, the IASB has tentatively decided to propose targeted amendments to IFRS 15 to clarify three topics and add two practical expedients to provide additional relief on transition. The IASB expects to publish the Exposure Draft incorporating these amendments in July.

The IASB is requested to confirm that it is satisfied that all due process requirements to date have been complied with. A summary of the due process steps undertaken is set out in Appendix A of Agenda Paper 7B.

The paper notes that the proposed amendments are narrow in scope and are also urgent, because many entities will wish to apply them at the same time as they first apply IFRS 15. Consequently, a 90-day comment period is recommended. This would facilitate finalising the ED towards the end of 2015.

The paper notes that a comment period of 90 days requires consultation and approval from the DPOC. This will be sought at the DPOC meeting this week.

This report is primarily for information and to provide the DPOC with assurance that the IASB is reviewing the due process steps and fulfilling the requirements of the *Due Process Handbook* as these projects progress.

Please do not hesitate to contact me if you have any questions.