

The International Accounting Standards Board (the Board) will hold its next meeting the week commencing 12 December 2016. There are three matters to be brought to the attention of the Due Process Oversight Committee (DPOC).

- a. Disclosure Initiative: *Proposed clarifications to the definition of materiality and due process summary* (agenda paper 11A)
- b. Disclosure Initiative Materiality: *Due process steps followed* (agenda paper 11C)
- c. Proposed amendments to IAS 19 *Employee Benefits* and IFRIC 14 *The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Due process steps* (agenda paper 12E)

Agenda paper 11A: Disclosure Initiative: *Proposed clarifications to the definition of materiality and due process summary*

The Board is being asked if it agrees to publish its proposed clarifications to the definition of materiality in a separate Exposure Draft (ED) rather than include them in the upcoming Principles of Disclosure Discussion Paper.

The staff think a separate consultation document would be clearer for stakeholders because the concept of materiality is being discussed in several different ongoing projects, including the Conceptual Framework, the Materiality project and the Principles of Disclosure project. It will also be a more efficient way of making improvements to the definition of materiality.

The staff are proposing a comment period of 120 days for the ED which is the minimum comment period for an ED.

A summary of the due process steps is set out in appendix D of agenda paper 11A.

Agenda paper 11C: Disclosure Initiative Materiality: *Due process steps followed*

The Board is being asked if it is satisfied that all the mandatory due process steps required to publish the Practice Statement *Application of Materiality to Financial Statements* (Practice Statement) have been met.

To publish non-mandatory practice guidance the *Due Process Handbook* requires that the Board follows the same procedures as those used for the development of an IFRS Standard, including the balloting of documents¹.

The Board published an exposure draft of the Practice Statement in October 2015. The Practice Statement was open for comment for 120 days; 95 comment letters were received. In considering the comments received advice has been sought from the Accounting Standards Advisory Forum, the Capital Markets Advisory Committee and the Global Preparers Forum.

¹ See paragraph 6.39 of the *Due Process Handbook*.

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The staff are not recommending re-exposure as it is considered the Board's tentative decisions respond to feedback received.

It is proposed that the Practice Statement is effective from the date it is published. This recommendation is consistent with previous practice when publishing a practice statement and recognises that the Practice Statement is non-mandatory guidance and does not change existing requirements.

A summary of the due process steps is set out in appendix A of agenda paper 11C.

Agenda paper 12E: Proposed amendments to IAS 19 *Employee Benefits* and IFRIC 14 *The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Due process steps*

The Board is being asked to consider the recommendations of the Interpretations Committee for some narrow-scope amendments to pension accounting in IAS 19 *Employee Benefits* and IFRIC 14 *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The Exposure Draft of the proposed amendments was published in June 2015 and open for comment for 120 days; 78 comment letters were received.

Re-exposure of the ED is not recommended as the Interpretations Committee are not recommending any substantive changes to the proposals in the Exposure Draft.

The Interpretations Committee is also recommending that an entity applies the proposed amendments for annual reporting periods beginning on or after 1 January 2019, with earlier application permitted.

A summary of the due process steps is set out in Appendix A of agenda paper 12E.

Copies of agenda papers 11A, 11C and 12E are attached to this email.

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.

If you have any questions please do not hesitate to contact me.