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**International
Accounting Standards
Board**

This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.

These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: 18 September 2008, London

Project: Amendments to IAS 24 *Related Party Disclosures*

Subject: Redeliberations: Confirmation / Questions (Agenda paper 13F)

Introduction

1. In this paper, the staff asks the Board some questions that depend on discussion of Agenda papers 13B and 13D.
2. Agenda paper 13B discusses whether to finalise the ED or pursue an alternative proposal (ie have re-exposure), regarding an exemption for state-controlled entities. Also, it discusses how to handle the following in a re-exposure draft if the Board decides to have re-exposure:
 - (a) The definition of a related party revised through the ED and the Board's redeliberations.
 - (b) Inconsistencies, if any, that the Board may wish to fix with re-exposure after discussion of Agenda paper 13D.
3. Agenda paper 13D discusses some inconsistencies identified in the ED definition of a related party.

4. The appendix to this paper reviews whether this project has complied with due process steps as required in IASB Due Process Handbook based on the steps listed in paragraphs 110-111 ('Comply or explain' approach) of that Handbook.

Questions for the Board

If the next step is to finalise the ED

5. The staff will develop a pre-ballot document of the final standard based on the Board's tentative decisions to date. ***Does the Board confirm that the staff should prepare a pre-ballot draft on this basis?***
6. Furthermore, the staff believes that the changes made during the redeliberations do not require re-exposure. ***Does the Board agree?***

If the Board decides to pursue an alternative proposal (ie have re-exposure)

7. As already mentioned in paragraphs 41-44 of Agenda paper 13B, if the Board agrees to pursue an alternative proposal through discussion of Agenda paper 13B, it may then consider how to handle the definition of a related party in a re-exposure draft.
8. The staff recommends that the re-exposure draft should include the revised definition of a related party but not seek comments on it. ***Does the Board agree?***
9. In addition, if there remain inconsistencies after discussion of Agenda paper 13D that require re-exposure to be fixed, the staff recommends that the re-exposure draft should also include them for comments. ***Does the Board agree?***

APPENDIX: GENERAL REVIEW OF COMPLIANCE WITH DUE PROCESS

10. This appendix reviews whether this project has complied with due process steps as required in IASB Due Process Handbook, and is organised as follows:
- (a) Extract of ‘Comply or explain’ approach from IASB Due Process Handbook
 - (b) General review of this project’s compliance with due process

‘Comply or explain’ approach

11. Paragraphs 110-112 of IASB Due Process Handbook provides ‘Comply or explain’ approach and they are reproduced below:

‘Comply or explain’ approach

110 The following due process steps are mandatory:

- developing and pursuing the IASB’s technical agenda
- preparing and issuing standards and exposure drafts, each of which is to include any dissenting opinions
- establishing procedures for reviewing comments made within a reasonable period on documents published for comment
- consulting the SAC on major projects, agenda decisions and work priorities
- publishing bases for conclusions with standards and exposure drafts.

111 Other steps specified in the Constitution are not mandatory. They include:

- publishing a discussion document (eg a discussion paper)
- establishing working groups or other types of specialist advisory groups
- holding public hearings
- undertaking field tests (both in developed countries and in emerging markets).

112 If the IASB decides not to undertake those non-mandatory steps defined by the Constitution, it will, as required by the Constitution, state its reasons. Explanations are normally made at IASB meetings, and are published in the decision summaries and in the basis for conclusions with the exposure draft or standard in question.

General review of compliance with due process

12. This project has complied with all mandatory steps as listed in paragraph 110 of the Handbook subject to completion of a final Standard. Because of the limited scope of this project, the Board has not considered it necessary to undertake any non-mandatory steps defined in paragraph 111 of the Handbook. The Basis for Conclusions will note this.