*This document is provided as a convenience to observers at IASCF meetings, to assist them in following the discussion.*

**INFORMATION FOR OBSERVERS**

**IASCF Trustees Meeting**
**Rio de Janeiro 26 January 2010**

**Agenda Paper 3B (Att i)**

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# IASC Foundation XBRL Team
# Trustees' Report for XBRL Activities

Executive Summary

Adoption of XBRL is growing quickly and a growing number of countries are aligning XBRL adoption with IFRS implementation, making the IFRS Taxonomy even more critical.

All XBRL activities at IASCF are performed according to the *Due Process for XBRL Activities* and reviewed by the Trustees Due Process Oversight Committee.

The development of IFRS Taxonomy (IFRS 2010 and IFRS for SMEs) is in progress and will be delivered according to the defined timescale.

IFRS Taxonomy Extensions are becoming critical because uncoordinated development has started in many countries, which could lead to incomparability, making the EEEP initiative even more valuable.

# 1   IFRS Taxonomy adoption

There is an emerging link between XBRL adoption and IFRS adoption. In order to demonstrate the growing acceptance of  IFRSs with XBRL, and the criticality of the quality of the IFRS Taxonomy, the XBRL Team has attached a world map with some of the key IFRS-XBRL projects (please refer to Appendix 1).

The *XBRL Update* newsletter provides a comprehensive overview of recent XBRL projects around the world. A hard copy will be provided to Trustees during the meeting.
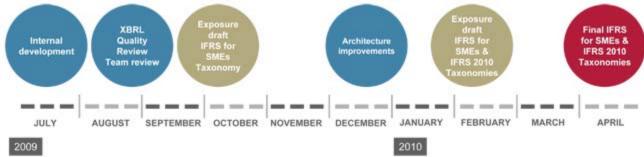
# 2 XBRL Activities

All XBRL activities at IASCF are now performed according to the *Due Process for XBRL Activities* as approved by the Trustees in October 2009, and are now periodically reviewed by the Trustees' Due Process Oversight Committee.

## 2.1 IFRS Taxonomy 2010

A first non-public draft of the IFRS Taxonomy 2010 was circulated to the XBRL Quality Review Team (XQRT) on 7 January for review. An exposure draft is expected for release by mid-February for a 60 day comment period. The final release is expected by the end of April (this time line is also presented on the IFRS website via the diagram overleaf).

## 2.2 IFRS for Small and Medium-sized Entities (SMEs)

As planned, and following a review by the XQRT, the XBRL Team released an exposure draft on 28th September, with comments due by 27th November. The final release was due to be published on 2nd December however, following public consultation conducted in July and August, it has been decided that architectural improvements for the 2010 version (please refer to point 2.3) of the IFRS Taxonomy shall also be incorporated into the final IFRS for SMEs Taxonomy.  The result is that the final IFRS Taxonomy 2010 will be published in April 2010 and will include an improved version of the IFRS for SMEs Taxonomy.



## 2.3 IFRS Taxonomy Architecture

The technical development of the IFRS Taxonomy has included the maintenance of a consistent taxonomy architecture since 2007 which was published, after a public comment period, in April 2008. On 9 December, the XBRL Team published the *IFRS Taxonomy 2010 Architecture Draft* for public comment.  It also published a project summary and feedback statement on *Architectural improvements to the IFRS Taxonomy*.  The feedback statement summarises the architectural improvements that will be implemented in the next release of the IFRS Taxonomy in 2010 (IFRS and IFRS for SMEs) as a result of consultations conducted in July 2009.

## 2.4 Translations

The IFRS Taxonomy 2009 is now available into Arabic, Chinese (Simplified), Dutch, French, German, Italian, Korean and Spanish. A Japanese translation is being processed by the ASBJ (to be reviewed by Japan FSA) and is expected to be released by April 2010.

Translation of the IFRS Taxonomy 2010 will start immediately after the final release of the final version..

# 3 Update on XBRL Team and budget

From now on, this topic will be covered by the Finance Committee.

# 4 Update on XBRL Advisory Council and XBRL Quality Review Team

## 4.1 XBRL Advisory Council (XAC)

### 4.1.1 Composition of the XBRL Advisory Council

Following the Trustees' decision to extend the XAC by having representatives of the four main accounting firms, the XBRL Team has received application from Deloitte and Ernst & Young. Staff recommends Trustees to approve these two applications.

> Decision 1: The Trustees are invited to approve the application of Gavin Marais representing Deloitte and from Josef Macdonald representing Ernst & Young

### 4.1.2 Outcome of the XAC conference call on 16 December 2009

- The Chairman of the XQRT (provided Trustees approval) was introduced as an appointed observer on all future XAC meetings.
- An update from the meeting with the Trustees' Due Process Oversight Committee was provided,
- An update was provided on the XBRL team's recent activities
- An update was provided on the past quarter's progress from the Interoperable Taxonomy Architecture (ITA) project
- An update of the key discussions held during the first Extensions External Experts Panel (EEEP) roundtable in London on 12 December was provided.

## 4.2 XBRL Quality Review Team (XQRT)

### 4.2.1 Composition of the XBRL Quality Review Team (XQRT)

Following the Trustees' decision to extend the XQRT by having representatives of the four main accounting firms, invitations have been sent to KPMG and PricewaterhouseCoopers, but no application has been received yet.

Following the Trustees' decision to appoint a XQRT Chairman, the XQRT members have elected one of their members – Roland Hommes – on that position. Staff recommends that the Trustees approve this application.

Finally, following a review of current XQRT members, the Team has received the following applications for membership:

- From EDGAR Online, Elias-John Kies (Director of Analytics) to replace Gregory Sedgwick

- From the National Bank of Belgium, Cécile Buydens (Chief of the Central Balance Sheet Division) to temporarily replace Saskia Vennix.

> Decision 2: The Trustees are invited to approve the application of Roland Hommes as XQRT Chairman, and Elias-John Kies and Cécile Buydens as members representing EDGAR Online and the national Bank of Belgium respectively.

### 4.2.2 Outcome of the XQRT call on 9 December 2009

- A general update was provided on the IASC Foundation's recent XBRL activities, including the development of new tools to improve XQRT interaction, quality review criteria for the IFRS Taxonomy, the IFRS Taxonomy field testing initiative and the first Extensions External Experts Panel (EEEP) roundtable in London on 10 December.

- The proposed architecture for the IFRS Taxonomy 2010 was discussed, including:
  - The publication of a project summary and feedback statement on *Architectural Improvements to the IFRS Taxonomy* and *The IFRS Taxonomy 2010 Architecture Draft*.
  - The key architectural changes to the IFRS Taxonomy.
- The latest developments from the ITA project were discussed.
- Discussion on the potential use of formulae in the IFRS Taxonomy was deferred, pending further investigation and testing.
- An update was provided on the XBRL International Versioning Specification.
- The XQRT review of the draft IFRS Taxonomy 2010 in January 2010 was discussed.

# 5 IFRS Taxonomy Extensions (EEEP)

During its last meeting, the Trustees approved the decision to allow the XBRL Team to prepare a Business Plan and to initiate contacts for a collaborative IFRS Taxonomy extension development initiative – the so called Extensions External Experts Panel (EEEP). A first draft of the Business Plan has been prepared and shared with interested parties.

After a few initial contacts, it was confirmed that there is high interest in this topic and that a meeting could help to share views and to make progress. Therefore, a first roundtable was held on 12 December and was attended (in presence or by video conference) by representatives of

- Regulators and supervisors, including China Securities Regulatory Commission (CSRC), Commission of European Banking Supervisors (CEBS), European Commission, IOSCO, Japan Financial Services Agency, Johannesburg Stock Exchange, Singapore Accounting and Corporate Regulatory Authority (ACRA), UK Companies House, UK Department for Business, Innovation & Skills, UK Her Majesty's Revenue & Customs, US SEC.

- The 'big 4', including KPMG and PricewaterhouseCoopers.

- Staff from the IASB and IASCF,

The objectives of the meeting were:
  - To develop a common understanding of the issues at hand for all involved.
  - To share views and experiences on IFRS Taxonomy extensions.
  - To try and identify common issues and agree a common approach.
  - To review the draft Business Plan and consider organisational issues and next steps for the inception of the new body.

The meeting started with an update from each participant. The roundtable discussions then went on to address the following questions:
- By whom should the new body be established? Options include:
  - IASC Foundation Trustees,
  - IASC Foundation Monitoring Board,
  - IOSCO,
  - Inaugural EEEP members themselves.
- How should the cooperation be formally documented (MoU, Charter, …)?
- What are the budgetary and contribution requirements (in terms of both financial and human resources)?
- What should the priority deliverables be (should extensions for financial institutions industry take precedence over those for the mining industry)?
- Who should be the owner and IP holder of the developed extensions?
- What will the legal status of the developed extensions be (especially if part of their development is derived from the model financial statements of auditing companies)?
- For the European Commission specifically, which role could/should play the member states, especially if they wish to contribute?
- Should there be specific extensions for the IFRS for SMEs taxonomy?

- What kind of recognition or assurance should Extensions have by contributing members? More generally, is the Due Process for XBRL Activities good enough for Extensions?

Here are the main comments addressed during the roundtable:
- The development of IFRS Taxonomy extensions has already started in Australia, Chile, Germany, Europe (ECCBSO, CEBS and member states), Japan, Singapore, South Africa, UK and the US.
- The EEEP is a worthy and needed initiative.
- The EEEP's activities should not be restricted to just securities regulation but should be open to all filing requirements (tax, banking supervision, etc).
- The scope of work and general framework was adequately outlined in the draft Business Plan.
- There should be a focus on common practice.
- A balance is required between re-using existing extensions and developing new extensions (80-20).
- Timing and governance are the critical issues.
- Accounting firms are available to help.
- The IASCF should be the catalyst and leverage off of existing activities, because:
  - The IASCF is the developer of the core IFRS Taxonomy.
  - The IASCF has an existing due process and architecture (including the ITA initiative).
  - The IASB/IASCF has the reputation and experience.
  - There is no other better solution (if IOSCO, then BASEL Committee and others).

As considered, the Trustees shall be provided with feedback on the Business Plan during the next meeting in March.