

# AGENDA PAPER

IFRS Foundation Trustees' meeting—Due Process Oversight Committee

London 12-13 April 2012

Agenda ref 3i

**To:** Trustees / Trustees' Due Process Oversight Committee

**From:** Olivier Servais

*IASB Director of Implementation Activities*

**Re:** XBRL: Update on current activities and strategy vision

## 1. Feedback about current XBRL activities

### 1.1. IFRS taxonomy 2012

For the fifth consecutive year, the team has released an annual version of the IFRS taxonomy in accordance with a formal due process. Some facts:

- After receiving a non-public draft in December 2011, the XQRT provided over 200 comments that, when relevant, have been incorporated into the exposure draft.
- Over 100 participants attended the public webcast hosted after the release of the exposure Draft on 16 January 2012.
- About 100 comments have been received during the public review and, when relevant, incorporated in the final version.
- The final version of the IFRS taxonomy published on 29 March contains 3,769 elements representing disclosure requirements, examples and common practices.

While the IFRS taxonomy is gaining in adoption around the world with over 25 projects and with the exception of the US SEC adoption (see below), no significant issue has been raised by the XBRL committees (XAC and XQRT) or otherwise during the public consultation.

## 1.2. The adoption of the IFRS taxonomy by the US SEC

The adoption of the IFRS taxonomy by the US SEC remains a concern. Although the US SEC has stated that XBRL is not a determining factor in any SEC decision on the adoption, or incorporation, of IFRS in the US reporting system, the XBRL team has devoted significant resources to facilitate having the SEC endorse the IFRS taxonomy. Having added *common practice* concepts the XBRL team is developing documentation labels to address an SEC request. Unfortunately, a new technical issue has recently been raised by the US SEC staff that is preventing SEC endorsement. The issue, which relates to how some concepts (mainly involving tables) are structured. The issue has been discussed at length with the XAC and XQRT, in which the SEC observer participates. It is clear that there are strongly held views that are not aligned.

The staff will provide the Trustees with an oral update on developments at the meeting in London.

## 2. Potential review of the due process

Now that XBRL activities are under the supervision of the IASB technical directors, it has been observed that the XBRL and IFRS respective due processes have a conceptual difference that might be removed over time. Today, public comments are requested on the annual version of the taxonomy whereas public comments are requested on IFRS exposure drafts.

Requesting public comments on an interim release would not only further align both IASB and XBRL activities, but would also significantly reduce the annual delivery time line, as requested by most regulators who are implementing the IFRS taxonomy. However, both XAC and XQRT have advised that such a change in the due process should follow a public consultation and not happen before 2014 (for the IFRS taxonomy 2015).

A consultation on reviewing the due process for XBRL activities will be launched in Q2 2012 and feedback will be provided to Trustees at its next meeting.

### 3. Activities for 2012

In order to foster the adoption of the IFRS taxonomy around the world, the XBRL activities for 2012 can be summed up as follows:

- IFRS taxonomy-related activities:
  - Interim release reflecting final and amended IFRS;
  - Maintenance of the concepts reflecting common practices; and
  - Development of concepts reflecting industry practices.
- Other
  - Outreach activities, specifically to preparers, regulators and users, and
  - Development of documentation labels.

### 4. Strategy for 2012-2015

At the request of the Trustees in 2007, the XBRL team undertook the redevelopment of the IFRS taxonomy to properly reflect IFRSs. Today, the IFRS taxonomy is created upon a robust due process and is recognised to be consistent with the IFRSs but also with commonly reported concepts.

But its growing adoption around the world – in parallel with the adoption of IFRSs – is highlighting new concerns: what is the value for preparers to create XBRL filings, does the IFRS taxonomy fully fit regulators expectations, what are the real benefits of consuming XBRL data by users, how could we foster the integration of IFRS taxonomy into accounting software packages etc?

Now that XBRL is part of technical activities, it is an appropriate time to question the future role of the XBRL team, to review the strategy for XBRL and to address these concerns, for example by increasing educational activities, increasing interaction with regulators, and improving outreach with the investor and analyst community.

We plan to give priority over the next six months to the development of a strategic plan for XBRL within the IASB.

The staff will report back to the Trustees at their next meeting on progress in developing a plan for shaping the strategy for XBRL activities over the next three years.

## 5. Effectiveness of XAC and XQRT

Both the XBRL Advisory Council and the XBRL Quality Review Team are providing efficient and very valuable expertise to the team. The XAC and XQRT chairs would like to discuss with Trustees on potential amendments to XAC and XQRT charters.