

AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

SYDNEY APRIL 2014 **Agenda ref 3E**

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IFRS Taxonomy: revised due process proposals

Introduction

1. The purpose of this paper is to get your initial views and comments on the proposed changes to the due process for the IFRS Taxonomy. The purpose of these proposed changes is to further align the development of the IFRS Taxonomy with the IASB's standard setting processes, including but not limited to review and approval of the content of the IFRS Taxonomy by the IASB. These proposed changes are the last step within the IASB staff review of the IFRS Taxonomy due process.
2. We propose to describe the proposed changes to the IFRS Taxonomy due process in an Invitation to Comment. We plan to bring a final version of the Invitation to Comment to the DPOC for approval in July 2014 with a view to publishing for public comment soon afterwards.

Background

3. The due process for the IFRS Taxonomy is described in the *Due Process Handbook for XBRL Activities*.¹ It was approved by Trustees in 2009 but since then has not been formally amended to reflect changes in the strategic direction of IFRS Taxonomy development at the IASB.
4. The change in strategic direction was initiated from the Trustee's Strategy Review 2011 that recommended the following:²

¹ <http://www.ifrs.org/The+organisation/About+XBRL/XBRL+due+process/XBRL+due+process>

² Paragraph C3

- a. The IFRS taxonomy team should be part of IASB technical activities;
 - b. IASB should be involved in the quality assurance process [due process] of the IFRS Taxonomy; and
 - c. The IASB should agree a methodology to develop a relevant number of extensions to the existing IFRS taxonomy in order to reflect common IFRS practice.
5. Some of these recommendations have already been implemented, namely:
- a. As a result of a change in reporting lines, the IFRS Taxonomy team is now part of the IASB's technical team; and
 - b. Common practice elements are now systematically added to the IFRS Taxonomy.
6. The DPOC asked the IASB staff to initiate a proposal to review the IFRS Taxonomy due process to reflect the change in strategic direction. The due process improvements focused on two areas, both of which aim to more closely align the development of the IFRS Taxonomy with the IASB's standard-setting process. The areas of focus were:
- a. Timing of publications; and
 - b. Involvement of the IASB.
7. At the January 2014 Trustees meeting, the DPOC agreed to address one aspect of timing by making interim updates to the IFRS Taxonomy the primary document for public consultation. However staff noted that further improvements to the IFRS Taxonomy due process were needed namely:
- a. Issue proposed taxonomy releases with exposure drafts; and
 - b. Engage the IASB in the review and approval of the IFRS Taxonomy
8. Also at the January 2014 Trustee's meeting, the IASB staff advised that it would develop detailed proposals on how to reflect the IFRS Taxonomy due process changes (described above) in either the Due Process Handbook for XBRL Activities (the XBRL Due Process Handbook) or the IASB and IFRS Interpretations Due Process Handbook (the Due Process Handbook) and bring those to the DPOC in April.³

³ Paragraph 46, Agenda 3D of the DPOCC January 2014 meeting.
<http://www.ifrs.org/Meetings/MeetingDocs/Trustees/2014/January/AP3D%20IFRS%20Taxonomy%20-%20proposal.pdf>.

Proposed changes to the IFRS Taxonomy Due Process

9. Our detailed proposals for changing the IFRS Taxonomy Due process are described in agenda paper (AP) 3E(i).
10. The updated IFRS Taxonomy due process will need to be reflected in a due process handbook. Consistent with the strategy of integrating the development of the IFRS Taxonomy within the IASB's standard setting activities, we think that the appropriate home for these changes is the Due Process Handbook.
11. Once the detailed aspects of the due process have gone through a process of public consultation via the Invitation to Comment, we would seek to formally amend the Due Process Handbook for approval by the DPOC. We envisage that the amendments are likely to be a new Appendix or separate section of the Due Process Handbook.

Other considerations – Education of the IASB and the IASB technical staff

12. In the XBRL Strategy paper as approved by Trustees at their January 2013 meeting it was indicated that proposed taxonomy releases should not accompany exposure drafts until:
 - a. the IASB has been given sufficient information about the IFRS Taxonomy for it to be in a position to approve the new taxonomy related proposals;
 - b. potential respondents understand what we are seeking feedback about in relation to the IFRS Taxonomy; and
 - c. we have developed new due process requirements that are consistent with the revised approach.
13. The proposed Invitation to Comment deals with point c). The IASB staff are aware of the other conditions, and are working to address these during the period until finalisation of the due process consultation. In fact, work has already started or has been planned. For example:
 - a. The recent introduction of proposed interim release documents has started to address point (b). It describes and details the content taxonomy amendments and includes questions that focus on the specific areas for which feedback is sought.

- b. IASB education sessions and IASB staff Project Director (PD) sessions on the IFRS Taxonomy are being planned for Q2 2014.

Next steps

14. The next steps are:

Timing	Body	IFRS Taxonomy Due Process – Actions
7-11 April 2014	DPOC	Receive comments on the proposed due process.
19-23 May 2014	IASB	Receive comments on the proposed due process.
May – June 2014 (date TBC)	IFRS Taxonomy Consultative Group	Receive comments on the proposed due process.
9-10 June 2014	Advisory Council	Receive comments on the proposed due process.
8-10 July 2014	DPOC	Approve the Invitation to Comment for publication
July-Oct 2014	Public consultation	Receive comments on the Invitation to Comment
Nov – Dec 2014	Analysis of Comments	Analyse comments and prepare proposed amendments to the Due Process Handbook.
January 2015	DPOC	Approve proposed amendments/addition of an Appendix to the Due Process Handbook to reflect the new IFRS Taxonomy Due Process