

AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

MILAN 28 JANUARY 2014

Agenda ref 3D

PRESENTER ALAN TEIXEIRA

Introduction

1. The aim of this paper is firstly to provide the basis to obtain your approval to make changes to the IFRS Taxonomy development process and secondly to update you on recent IFRS Taxonomy developments.
2. The paper covers the following topics:
 - (a) Background to this paper;
 - (b) Summary of recommendations;
 - (c) Review of and proposed changes to the IFRS Taxonomy development process;
 - (i) The IFRS Taxonomy Due Process;
 - (ii) The IFRS Taxonomy Advisory Bodies;
 - (iii) External communication and the IASB XBRL Due Process Handbook; and
 - (d) Update on recent IFRS Taxonomy releases.

Background

3. At its October 2013 meeting (Agenda Paper, AP 3F for that meeting refers), the DPOC was provided with an update on the development of the IFRS Taxonomy development process specifically in regard to the following possible changes:
 - (a) Issue interim releases for all taxonomy changes, making interim taxonomies the primary document for public consultation rather than the full year-end compilation; and
 - (b) Replacement of the XBRL Advisory Council (XAC) and XBRL Quality Review Team (XQRT) with one consultative group the IFRS Taxonomy Advisory and Review Committee (ITARC).

4. At the time, we said that we would seek and collate further feedback prior to making a formal recommendation to the DPOC at the January 2014 meeting. This paper serves to provide the DPOC with an overview of the problems we are trying to resolve, the consultation activities we have performed and our formal proposals and plans to address these issues (our recommendations).

Summary of recommendations

5. The IASB technical staff is formally recommending to the DPOC to approve:
 - (a) a change to the IFRS Taxonomy Due Process that makes proposed updates to annual taxonomies (so called interim taxonomy releases) the primary consultation documents (refer to paragraph 25); and
 - (b) the set-up of the new IFRS Taxonomy Consultative Group to replace XAC and XQRT (refer to paragraph 38).
6. At this time we have not included specific amendments to the IASB and IFRS Interpretations Due Process Handbook (the Due Process Handbook). Instead we plan to bring a proposal to the DPOC in April to change the Due Process Handbook.

The IFRS Taxonomy Due Process

Background – the problems are we trying to solve

7. The Due Process for XBRL is described in the *Due Process Handbook for XBRL Activities*.¹ It was approved by Trustees in 2009 but since then it has not been formally amended to reflect changes in priorities or requirements. Following the publication of the Trustees' *Strategy Review* report in February 2012, IASB staff initiated a review of the XBRL due process.
8. This IASB staff review of the XBRL due process identified areas that currently work well and those that could be improved. The areas that work well include:
 - (a) The existence of expert advisory bodies reviewing in depth the IFRS Taxonomy and providing general guidance; and
 - (b) Focused outreach activities with specific key stakeholders of the IFRS Taxonomy ie regulators and the XBRL community.
9. IASB staff also identified areas where the XBRL Due Process could be improved, specifically:

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

- (a) Public Consultation on developments to the IFRS Taxonomy happens on an annual basis only;
- (b) Proposed taxonomy releases are issued for final IFRSs only, not exposure drafts; and
- (c) The IASB is currently not engaged within the review or approval of the IFRS Taxonomy.

These improvements were described to you in detail at the October meeting and for your reference have been detailed in Appendix 1.²

10. The due process includes a public consultation step, in which the XBRL team seeks views from the wider IFRS community by way of an invitation to comment. The number of comment letters received from this process has been low compared to comments received on proposed Standards (2013: 3 letters; 2012: 6; 2011: 8; and 2010: 11). We think the low response rate reflects the specialist nature of the Taxonomy and, more importantly, the effectiveness of the direct and targeted consultations described above. Seeking comments on the whole taxonomy each year is also likely to be a barrier, which is part of the motivation for the changes we are proposing.
11. Our main message is that while the public consultation step provides us with a backstop and we do receive some helpful comments, it is one of the less important components of our due process for developing the taxonomy—in 2012 one of the six letters received was from a major accounting firm development and simply contained a statement that because it considered our targeted consultation and procedures to be robust it considered it unnecessary to undertake a comprehensive review of the taxonomy.
12. Changing the general public consultation process will therefore affect very few people. If anything, the modular approach we are proposing will make the public process more effective by making each review far more focused, manageable (in terms of size) and will draw accounting input because the updates will be developed alongside the IFRS.
13. At the October 2013 meeting, we indicated that our first step will be to propose a change to make taxonomy updates the primary document for public consultation (paragraph 9 (a) above). This is the focus of this document. Further improvements to address the issues in paragraphs 9(b) and (c) above will be addressed in due course.³

² Refer to paragraphs 15, 17, 27 and 28 of the October Trustees Agenda Paper on XBRL (Agenda Paper, AP, 3F).

³ Appendix 1 provides a preliminary roadmap of when we believe we will be able to address those issues

Summary overview of the Proposal

14. At the October 2013 DPOC meeting IASB staff proposed to make taxonomy updates the primary document for public consultation⁴ (the Proposal) The table below provides a summary:

	Current	The Proposal
Taxonomy updates	Updates to the taxonomy <i>may</i> be issued for changes during the year. An annual IFRS Taxonomy must be issued for all changes.	Updates <i>must be</i> issued for all changes during the year. The annual IFRS Taxonomy will become a physical compilation.
Public Consultation Period	Required for the annual taxonomy, optional for interim releases. Minimum period of 60 days	Required for interim taxonomy releases only. Minimum period of 30 days if the update relates to a completed IFRS. Note: This is a short term step only and will be obsolete when the draft updates are published at the exposure draft stage. Aligned with the comment period for the exposure draft of an IFRS if the proposed update is published concurrently.
Review by an Advisory Body	Both interim and annual taxonomies are reviewed.	Both interim and annual taxonomies are reviewed

15. IASB staff consider that the main benefits from the Proposal are:
- (a) meeting the immediate need of some users of the IFRS Taxonomy for a more timely publication facilitating consistent implementation and early application of IFRSs;
 - (b) acting as a first but important step towards integrating the IASB's standard-setting and IFRS Taxonomy Due Process;
 - (c) bringing clarity to the XBRL Due Process for interim taxonomy releases;

⁴ Paragraphs 11 to 14 and 17 to 19 of the October 2013 DPOC Agenda Paper (3F) on XBRL describe in depth the current and the proposed new process.

- (d) giving flexibility to users of the IFRS Taxonomy, enabling easier adoption and enforceability of the taxonomy;
- (e) potentially allowing the annual IFRS Taxonomy to be released earlier; and
- (f) enabling a more targeted public comment process.

Further consultation activities

16. Since the October 2013 DPOC meeting IASB staff have undertaken the following activities to further evaluate the Proposal and its anticipated benefits:
- (a) Public consultation – insertion of a paragraph within the September Interim Taxonomy release package summarising the proposed change and encouraging the public to provide feedback:
 - (b) Discussion of the proposal at the October face to face meetings of the XAC and XQRT;⁵ and
 - (c) Targeted outreach with regulators.
17. Each of these activities is described in more detail below.

Public consultation of the September Interim Release Package

18. In total we received five comment letters. Out of the five, only one respondent provided detailed feedback on the IFRS Taxonomy Due Process. They stated the following:⁶

Support for notification of Interim Releases rather than only annual releases (assuming these are limited in scope);

- (i) *Error corrections and technical fixes should be released as they are completed; and*
- (ii) *Necessary changes due to modifications to accounting and reporting content should be released as soon as the changes are finalised*

Further review of the Proposal at the XAC and XQRT meetings

19. Members of the XAC and XQRT generally agreed that the IFRS Taxonomy Due Process should follow on from the XBRL strategic review ie integrate it with the standard-setting due process where appropriate. However, some members expressed the view that in practice the anticipated external benefits of the Proposal may be difficult to realise as:

⁵ The proposal was discussed for the first time at the March 2012 face to face meeting and later at phone calls during Augustus 2013, this was meant to be a last fatal flaw review.

⁶ This respondent qualified their response – ‘we do not support the notion that a taxonomy for financial reporting be solely owned by standard-setters and regulators, because this limits the structure and usefulness of the data unnecessarily, and may hinder interoperability’. They also provided feedback on other aspects such as issuing taxonomy releases for exposure drafts of IFRSs, which we will consider at a later stage.

- (a) Some XBRL software vendors and regulators value stability, they may not be able to accommodate a more frequent taxonomy release schedule;
- (b) The change is not relevant as many regulators are still working with older versions of the IFRS Taxonomy;
- (c) In their view, it may not necessarily enable a more targeted public comment process as many users of the IFRS Taxonomy will only become interested in the review of the IFRS Taxonomy at the time IFRSs are implemented in practice, not when standards are issued.

All of these comments apply equally to the development of new Standards. We remain firm that the Taxonomy development should mimic the development of the Standards.

Targeted outreach activities with regulators

- 20. Representatives from ESMA, the European Commission, the FSA of Japan and MOF of China attended the XAC October meetings and did not raise any concerns or were supportive of the Proposal. We also had calls with other regulators who have currently adopted the IFRS Taxonomy. No concerns were noted. In fact, the approach we have set out is preferred by most regulators we spoke to. In some cases it is desirable because the annual process presumes a 31 December fiscal year end which is by no means a universal balance date.
- 21. Some regulators would prefer to have annual updates. We plan to create compilations on a quarterly or half-yearly basis to provide regulators with a choice of using the updates as they are finalised or having an annual or semi-annual update.

Evaluation by IASB staff

- 22. Based on the consultation and outreach activities we have performed, we consider that most users of the IFRS Taxonomy are either indifferent or supportive of the Proposal. We acknowledge that for some regulators and software vendors the current annual release schedule of the IFRS Taxonomy meets their requirements. However, we consider that the Proposal does not take away but brings additional flexibility;
 - (a) Regulators can build their own compilation of the IFRS Taxonomy at any point in time including a single annual version if this best meets their needs; and
 - (b) The IFRS Taxonomy release schedule should not be a bottleneck to preparers who want to apply IFRSs early or to software vendors/regulators that can accommodate more frequent publications.⁷

⁷ In principle, preparers could use the IFRS Taxonomy tag rather than creating an extension despite these tags not yet being present within a specific regulatory filing system or XBRL tagging software tool.

23. It is too early to assess whether interim taxonomy releases enable a more targeted and focused public comment process. The number of comment letters we received on the September interim taxonomy release remains low. But there are some promising signs, the comments were more comprehensive and focused on the specific issues for which feedback was sought. We will endeavour to undertake more pro-active outreach activities in the future with users of the IFRS Taxonomy.
24. In summary, we consider that the majority of anticipated benefits of the Proposal referred to in paragraph 15 still stand and that there are no remaining significant risks to proceed with the proposed change.

Formal recommendation to the DPOC

25. Having considered the above, the IASB staff are now formally recommending to the DPOC to approve that:
- (a) Proposed interim IFRS taxonomy releases are the primary document for public consultation;
 - (b) The annual IFRS taxonomy is a physical compilation of previous interim releases and is not issued for public consultation; and
 - (c) The proposed change is effective immediately i.e. will be applied to the 2014 annual IFRS Taxonomy (to be issued in February 2014) and all subsequent IFRS taxonomy releases.

The IFRS Taxonomy Advisory Bodies

Background – the problems we are trying to solve

26. The 2012 organisational change transferring the XBRL activities of the IFRS Foundation into the IASB prompted a review of the objectives, role and composition of the XBRL Advisory Council (XAC) and the XBRL Quality Review Team (XQRT). This review re-emphasised the important role and contribution of an expert group but also highlighted some core issues that had to be addressed. These issues are:
 - (a) An overlap exists between some of the objectives of the XAC and the IFRS Advisory Council, these mainly relate to strategic considerations of how technology may impact corporate reporting and standard-setting;
 - (b) Some of the objectives of the XAC relate to activities that are the primary responsibility of the IFRS Foundation, these mainly relate to the adoption of the IFRS Taxonomy; and
 - (c) The composition of the XAC and XQRT is slightly biased towards members with technical XBRL expertise and some business groups (investors and preparers) are not well represented.
27. Members of XQRT and XAC were involved in the self-assessment and provided comments on a staff draft proposal paper issued at the end of June 2013. IASB staff considered their views in the final proposal. A feedback statement was distributed to all members of the XAC and XQRT prior to the October 2013 face to face meeting.
28. The role of the XAC and XQRT was also discussed at the June 2013 IFRS Advisory Council meeting. The IFRS Advisory Council advised against a merger of all XAC activities into the Advisory Council. Only issues relating to strategic oversight and the role of technology on corporate reporting and standard-setting should transfer to the IFRS Advisory Council. Some of the other activities would remain with XAC, but in the view of the IASB staff were too limited to warrant the existence of a separate group.
29. The IASB technical staff also had to consider constraints when setting its recommendation to Trustees:
 - (a) Taxonomy related activities, XBRL and in general data modelling of IFRS disclosures require a very specific set of skills and expertise that is not abundantly available in the market, it may prove to be difficult to find or retain the right candidates; and
 - (b) The number of active users of the IFRS Taxonomy is still limited, we need to ensure that key stakeholders continue to be actively involved.

Further consultation with XAC and XQRT

30. At the October 2013 DPOC meeting, IASB staff provided you with our tentative recommendation to set up a new IASB Advisory Body called the 'IFRS Taxonomy Advisory and Review Committee (ITARC). ITARC would replace XQRT and assume responsibility for the remaining XAC activities. Since then we have discussed the topic further at the October 2013 XAC and XQRT face to face meetings.
31. Members expressed support for the set-up of a new IFRS Taxonomy Advisory body. The XAC and XQRT have contributed significantly to the development and strategic direction of the IFRS Taxonomy over the last years. Many objectives were achieved, but some key issues persist mainly relating to acceptance and participation of preparers and investors, global adoption by regulators and engagement of the IASB and IASB technical staff. A new consultative group would be able to build further upon the successes achieved so far. In addition, taxonomy review by an advisory body has proven to be an important means to obtain in depth comments from interested parties and should be maintained going forward.
32. Some members of the XAC and XQRT also expressed concerns or opposing views about the proposed restructuring:
 - (a) Danger that less consideration will be given to XBRL;
 - (b) Sudden loss of expertise; and
 - (c) Management of the transitioning period. No steps are in place to manage the handover of responsibilities from XAC and XQRT to the proposed new consultative group and the IFRS Advisory Council.

Evaluation by IASB staff

33. IASB staff concurs with some of the opposing views of the XQRT and XAC and gave further thoughts as to how to best address the sudden loss of expertise and the void period.

Sudden loss of expertise and importance of XBRL

34. IASB staff agrees that the sudden loss of expertise is a risk but considers that this risk can be mitigated by the proposed restructuring as it may help in the retention of members with relevant skills and expertise. Specifically, we would like to propose to the DPOC that existing XQRT and XAC members can apply to become a member of the new IFRS Taxonomy advisory body. We understand that this is not standard practice but considering the constraints explained in paragraph 29 above, we believe this to be an appropriate action to take. The nomination process will then have to carefully balance the need to maintain expertise and continuity while at the same time being open to new members and expertise.

35. IASB staff concurs that XBRL expertise needs to be maintained and further developed. XBRL expertise will be one of the criteria being applied when selecting and nominating members.
36. One of the recommendations of the performance self-assessment undertaken by the IFRS Advisory Council is that it is important for the IFRS Advisory Council to undertake liaison activities which other organisations⁸ such as *the XBRL Reporting Advisory Council*. We believe that the interaction between the IFRS Advisory Council and the new IFRS Taxonomy consultative group is also important. As such we are proposing that the Chair and vice-Chair of the newly proposed group should, when appropriate, provide an update to the IFRS Advisory Council and/or participate in discussions on electronic reporting or taxonomy related agenda topics.

The void period

37. Terms of most members of XAC and XQRT expired at the end of 2013. In principle, this means that the 2014 annual IFRS Taxonomy and any interim updates to the 2014 annual IFRS taxonomy will not be subject to a formal external review by an advisory body until the new group is up and running (expected to be April – May, see paragraph 44 below). A proposed taxonomy interim release is expected to be issued in March 2014 reflecting new disclosure requirements relating to new or amended standards for rate regulation and revenue recognition. Considering the significance of this release, IASB staff judges that a taxonomy review is required. Therefore, we are proposing to the DPOC to extend the terms of the XQRT members until the new group is up and running. This would involve extending some members beyond the six year maximum set out in the XQRT Charter. All but two of the current XQRT members expressed a willingness to continue to provide us with support. We have been using these members unofficially because of their expertise and familiarity with the Taxonomy. We note that we would have lost their expertise even if we had continued with the existing structure, because all their appointments were coterminous.

Formal Recommendation and next steps

38. The IASB technical staff is now formally recommending to the DPOC to approve:
 - (a) The set-up of a new consultative group called ‘The IFRS Taxonomy consultative group’;⁹
 - (b) The terms of reference and operating procedures of this new group (see Appendix 2);

⁸ Please refer to <http://www.ifrs.org/Meetings/MeetingDocs/Advisory%20Council/2013/AC1013-AP3%20AC%20Self%20review%20report%20phase%201.pdf>

⁹ The change in naming from the originally proposed ‘ITARC’ more closely aligns with the terms used for other IASB consultative groups. The IFRS Taxonomy team received feedback that the acronym ‘ITARC’ is not appealing and also did not clearly express what type of IASB advisory body it is.

- (c) The temporary extension of the terms of the XQRT members until the new IFRS Taxonomy consultative group is operational; and
 - (d) The option for XQRT and XAC members to apply for membership of the IFRS Taxonomy consultative group.
39. You can find the detailed proposed terms of reference and operating procedures of this new group in Appendix 2. What follows here provides you with a summary overview of the objectives of the IFRS taxonomy consultative group and its composition including changes we made compared to the preliminary proposal presented to you at the October meeting. We will also outline our proposed next steps and timelines.

Terms of reference and operating procedures of the IFRS Taxonomy consultative group

Objectives

40. We are proposing that the primary objectives of the ‘IFRS Taxonomy consultative’ group are: (note - changes to the original proposal are in italic or struck through)
- (a) To review in depth *proposed and final releases* of the IFRS Taxonomy and supporting materials ~~prior to public consultation~~, ensuring it meets expected market standards or best practices from both a data content and technology perspective;
 - (b) To provide technical and strategic implementation advice *to the IASB* on matters related to the IFRS Taxonomy and IASB digital reporting activities;
 - ~~(c) To assist the IASB Disclosure team in providing a recommendation to the IASB to approve the IFRS Taxonomy; and~~
 - (d) *To provide technical advice to the IASB staff on matters relating to financial reporting ontology of IFRS disclosures.*
41. Objective d) is an addition compared to the October tentative recommendation. It has been inserted to stress the importance of using ontology for the setting of a sound and robust taxonomy for IFRS disclosures, which in turn will facilitate the efficient preparation, dissemination and consumption of IFRS financial statements. It aligns the IFRS Taxonomy activities closer to the project objectives of the Disclosure initiative.
42. The originally proposed objectives for ITARC made specific references to due process steps stating that the review should take place prior to public consultation (as is the case now) and that this group should assist in providing a recommendation to the IASB to approve the IFRS Taxonomy. Upon further reflection, IASB staff now considers it to be more appropriate for the aims of the group to be broader based;

- (a) Currently, it is not yet clear if and if so what role the IASB will take in the endorsement of the content of the IFRS Taxonomy. As is the case for other consultative groups, we anticipate the IFRS taxonomy consultative group to provide advice to the IASB but not necessarily through a formal recommendation process¹⁰.
- (b) IASB technical staff would like to consult with members of the proposed IFRS Taxonomy consultative group on the best and most transparent¹¹ process to conduct a review, rather than imposing an existing procedure.

Composition

43. With the exception of our proposal that XAC and XQRT members can re-apply to become member of the new IFRS Taxonomy consultative group, all our other October recommendations remain the same:
- (a) Group size of 16 to 20 members reflecting the wide ranging set of geographical and business skulls required;
 - (b) Appointed observers from appropriate bodies;
 - (c) Chair of the IFRS Taxonomy consultative group is selected from members; and
 - (d) Nominations would follow the normal appointment process for IASB consultative groups.

Next steps - timeline

44. Subject to your approval of our recommendations, we are proposing the following timeline:
- (a) Call for application – to be issued in the last week of January 2014 and to close on the 28th of February 2014;
 - (b) Composition membership - to be discussed and approved at the Trustees's April 2014 meeting;
 - (c) First meetings – first conference call in April followed by a face to face meeting in May;
 - (d) Chair of the IFRS Taxonomy consultative group
 - (i) call for nominations during April

¹⁰ Our expectations are that the IASB will endorse a 'technology neutral visualisation' of the content of the IFRS Taxonomy not a specific technical language such as XBRL.

¹¹ Comments received from XQRT during review are currently provided in writing by members to IASB staff. They are not publicly available. Some but not all may be discussed in depth at XQRT public meetings or incorporated within a public feedback statement.

- (ii) approval by DPOC (in writing) in May prior to first face to face meeting of the new group.

External communication and the Due Process Handbooks

- 45. In the short term we aim is to integrate the IFRS Taxonomy Due Process within the *IASB and IFRS Interpretations Due Process Handbook* (the IFRS Due Process Handbook). The proposed change to make interim releases the primary document for public consultation is an important step forward but as stated in paragraphs 10 and 11 above other issues remain outstanding. Our plan is to propose amendments to the IFRS Due Process Handbook in April.
- 46. We considered revising and re-issuing the *Due Process Handbook for XBRL Activities* for public consultation but decided against it for the following reasons:
 - (a) It would only be an interim change as the aim is to integrate the IFRS Taxonomy due process within the IFRS Due Process Handbook; and
 - (b) As stated in paragraph 14, we inserted a paragraph within the September interim release package encouraging the public to provide feedback and also consulted with the key stakeholders of the IFRS Taxonomy.
- 47. Instead of changing the existing due process handbooks, we recommend to Trustees that a notice is posted on the IFRS website informing the public of the IFRS Taxonomy due process review and the changes being made.

Update on recent IFRS Taxonomy releases

January interim release

Overview of changes

- 48. In early January 2014¹², a second proposed update to the 2013 IFRS Taxonomy was published. The changes included are:
 - (a) New or amended IFRSs – changes as a result of IFRS 9 *Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)*, November 2013; and
 - (b) Common Practice Elements – new taxonomy elements for real estate and telecommunications.

¹² The Exposure Draft of the proposed update can be accessed at: <http://www.ifrs.org/XBRL/IFRS-Taxonomy/Pages/Exposure-Draft-Interim-Release-Package-2-on-the-IFRS-Taxonomy-2013-published-for-public-comment-.aspx>.

49. The IFRS Taxonomy team launched in mid-2013 for the second time an industry practice project (IPP) – an empirical analysis to observe commonly reported concepts from over 200 entities from various regions in the world that are engaged in activities relating to real estate, telecommunications, transport, retail and pharmaceuticals. A call for interest was also issued resulting in one regulator actively contributing to the project. Common practice elements are reviewed by senior technical staff and technical directors to provide assurance that these cannot be perceived as defining or infringing IFRSs in any way. The project was completed at the end of November for entities engaged in real estate and telecommunications.

Further steps to improve transparency and engagement – changes to the IFRS Taxonomy release document

50. In order to engage all stakeholders including those with limited XBRL technical knowledge and ultimately for the IASB to approve the IFRS Taxonomy, it is imperative that the technical format used is separated from the content of the IFRS Taxonomy. IASB staff took a first experimental step toward achieving this. For the first time, the proposed January 2014 interim taxonomy release includes a document that provides a textual description of the changes to the IFRS Taxonomy incorporating taxonomy content visualisations and example views. We will seek internal and external feedback on this document to assess how helpful these improvements are perceived.

Annual 2014 IFRS Taxonomy

51. The annual 2014 IFRS Taxonomy is expected to be published mid to end February compiling the changes relating to the September and January proposed interim taxonomy releases.
52. Subject to the Trustees approving our recommendation to change the IFRS Taxonomy Due Process, the February publication of the annual IFRS Taxonomy will be final. Compared to previous years, this means that the annual taxonomy will be available one month earlier.

Appendix 1 – Evaluation of effectiveness of the existing IFRS Taxonomy Due Process

The problem	Planned actions
Consultation happens on an annual basis only	
<p>Does not meet the requirements of some regulators who require the IFRS Taxonomy to be available earlier and more frequent.</p> <p>Lags standard-setting, entities who are early adopting IFRSs may need to create XBRL extensions</p> <p>Feedback is not focused as comments are sought on all changes</p>	<p>Proposed change to make interim taxonomy releases the primary document for public consultation (January 2014)</p> <p>Subject to approval by the DPOC of the proposed change, next steps are:</p> <ul style="list-style-type: none"> • External communication of changes on the IASB website • Apply new process to the 2014 annual IFRS taxonomy and subsequent releases
Proposed taxonomy releases are issued for final IFRSs only, not exposure drafts	
<p>Electronic reporting considerations are not fully considered whilst IFRSs are being developed.</p> <p>Taxonomy and standard-setting outreach activities are not aligned, stakeholders are approached multiple times.</p>	<p>Staff will assess the feasibility of developing draft Taxonomy updates for all exposure drafts published from the beginning of Q2 2014.</p>
The IASB is currently not engaged within the review or approval of the IFRS Taxonomy	
<p>The way information is structured for effective and efficient communication may affect standard-setting or imply guidance in practice</p> <p>Branding of the IFRS Taxonomy is not as good as it could be</p>	<p>Separation of content from the technology of the IFRS Taxonomy is required before an assessment can be made on the role of the IASB in the approval and review of the IFRS Taxonomy. Next steps are:</p> <ul style="list-style-type: none"> • IASB education sessions, target completion date Q2 2014 • Taxonomy content visualisation, target completion date Q3 2014 • Staff assessment paper, target completion date Q4 2014

Appendix 2 – Proposed Terms of reference and operating procedures of the IFRS Taxonomy consultative group

The IFRS Taxonomy consultative group

Terms of reference and operating procedures

The IFRS Taxonomy consultative group is an expert consultative group to assist the IASB in its IFRS Taxonomy and related activities. This document sets out its terms of reference and operating procedures.

Mission, objectives and scope of activities

1. Digital reporting using a single, high quality, easily enforceable and global accepted taxonomy for International Financial Reporting Standards (IFRS) should help preparers and users of IFRS financial statements to more efficiently disseminate, access, process and connect disclosures and should facilitate the consistent application and implementation of regulatory electronic filing requirements.
2. The aim of the IFRS Taxonomy consultative group is to provide an advisory and review forum where members can contribute towards the goal of the IASB to maintain and develop the IFRS Taxonomy meeting the strategic vision as set out in paragraph 1. More particularly the IFRS Taxonomy consultative group is established to:
 - (a) review in depth the IFRS Taxonomy ensuring it meets expected market standards or best practices from both a data content and architectural perspective;
 - (b) provide technical advice and strategic related implementation guidance on matters relating to the IFRS Taxonomy and IASB digital reporting activities; and
 - (c) provide guidance to IASB staff on matters relating to financial reporting ontology.
3. Main areas where guidance is sought include but are not limited to: data modelling of IFRS disclosures to facilitate easy preparation and consumption of electronic reports, impact of new XBRL specifications, interoperability with other taxonomies, documentation and supporting materials, internal and external education, operational business plans and the IFRS Taxonomy Due Process.
4. Members of the IFRS Taxonomy consultative group are expected to play an active role in the review of the taxonomy verifying issues such as for instance:
 - (a) Have taxonomy elements attributes been applied correctly?
 - (b) Do the proposed taxonomy changes reflect adequately all disclosure requirements and the examples/illustrative guidance as set out in the IFRSs?

- (c) Do the labels of elements accurately reflect the meaning of the taxonomy elements?
 - (d) Is the content of the taxonomy consistent with IFRSs and technical specifications?
 - (e) Has correct and best use been made of the XBRL specifications?
 - (f) Have the IFRS disclosure been structured in such a way that it maximises the benefits to users consuming electronic data whilst at the same time taking into account the costs to preparers of tagging the data?
5. Members do not need to review all proposed changes of each taxonomy release, the expectation is that members focus on the areas matching their specific skill set or area of expertise. The chair of the IFRS Taxonomy consultative group is responsible to involve and engage those members that have specific expertise for those areas for which a review by the IASB is sought.
6. Strategic plans to promote consistent adoption and implementation of the IFRS Taxonomy fall within the scope of the activities of the IFRS Foundation. The 'IFRS Taxonomy consultative group' focuses on providing technical advice as to regards the optimal technical architecture, appropriate documentation and supporting materials to facilitate and support market adoption.

Organisational Structure

Membership

- 7. The IFRS Taxonomy consultative group comprises 20 to 24 members, including the Chair and vice-Chair.
- 8. Members should be capable of making a positive contribution by having expertise, skills or practical knowledge relating to one or more of the following areas:
 - (a) Taxonomy XBRL Technical expertise - involvement in the setting and/or deployment of XBRL technical specifications or physical compilation of XBRL based taxonomies
 - (b) Taxonomy content domain expertise – taxonomy design or database modelling of IFRSs or IFRS financial statements using XBRL or other technical specifications, XBRL taxonomy related expertise for other content areas that is relevant to the IFRS Taxonomy
 - (c) Taxonomy interest groups – ingest of XBRL filings for consumption, general use of tagged as reported data for investment, credit and economic analysis, preparation of XBRL filings, adoption of the IFRS Taxonomy for regulatory or voluntary filing programs
- 9. Membership composition provides for a broad geographical spread and a range of functional backgrounds.

10. In addition to members, appointed observer status is granted to organisations that have a particular interest in electronic filing of financial statements, such as securities regulators and XBRL International (as the main developer of XBRL).
11. The Chair/vice –Chair of the IFRS Taxonomy consultative group and the IASB may at their discretion invite individual(s) or representative(s) of an organisation to attend and participate in a specific meeting where their contribution is considered to be useful in formulating their view on topics for which guidance is sought. In this capacity, they participate in the group discussions on the same basis as members.
12. The IASB and Trustees of the IFRS Foundation considers nominations and will select members, following a call for candidates.
13. Members are generally appointed for a period of three years which is renewable for a further period of three years. Terms may be staggered to ensure the expiry dates of all members do fall at the same time.
14. Members are appointed in an individual or representative capacity, and at meetings or conference calls members are expected to express their individual views unless it is explicitly stated that they are the opinions of the organisations they represent.
15. Members are expected to make reasonable efforts to attend meetings and review taxonomy releases on a regular basis. The Chair/vice-Chair of the IFRS Taxonomy consultative group and the IASB reserve the right to ask members to make way for a replacement where it is considered that a member does not contribute actively to the objectives of the IFRS Taxonomy consultative group.

Chairmanship

16. The Chair and vice-Chair of the IFRS Taxonomy consultative group are appointed by the Trustees' Due Process Oversight Committee (DPOC) from nominations submitted by members of the IFRS Taxonomy consultative group. The appointment is for a period of three years, after which it can be renewed for a further period of three years. A maximum term of six years is permitted.
17. The main role and responsibilities of the Chair and/or vice-Chair include but is not limited to the following:
 - (a) leading the IFRS Taxonomy consultative group and conducting its meetings in such a way as to ensure that the IASB and IASB staff receives timely and effective input;
 - (b) introducing each agenda topic and summarising opinions after each discussion;
 - (c) overview and planning of the IFRS Taxonomy review process, including work distribution to members;
 - (d) together with the IASB staff and following consultation with members setting the agenda and format of the meetings; and

- (e) where appropriate participate or contribute to meetings of the IFRS Advisory council relating to the IFRS taxonomy or electronic reporting.

Subcommittees

- 18. The Chair/vice-Chair or the IASB may call for the establishment of subcommittees of knowledgeable members or external participants to provide expert guidance on specific topics. These subcommittees shall report to the IFRS Taxonomy consultative group.
- 19. The Chair/vice-Chair or the IASB may call for the establishment of an Agenda Planning Committee which he/she presides over. The role of this committee is to aid the Chair/vice-Chair with setting the agenda and planning of meetings.

Meetings

- 20. The frequency, format and timings of meetings will be driven by the number and timings of taxonomy releases and the criticality of topics on which guidance is sought. We anticipate that members are expected to attend two one -day face to face meetings a year and to participate in four one-hour telephone discussions a year. Additional meetings may be scheduled or meetings may be shortened or cancelled. We will organise an initial face to face meeting on the formation of the group.
- 21. Face to face meetings are usually held in London. Travel and accommodation costs of attending the meetings shall be borne by the members attending the meeting. Members are recommended to attend all meetings in person. If attendance in person is not possible members may attend using teleconferencing, videoconferencing or any other electronics means.
- 22. The IASB staff are responsible for preparing the agenda for each meeting, in consultation with the Chair and members.
- 23. Administrative support for the meetings is the responsibility of designated members of the IASB staff.
- 24. The IFRS Taxonomy consultative group will not be asked to reach consensus views. The value of the consultative group comes from the interchange of ideas among members and the ability of the IASB and staff to participate in that interchange.

External Communication

- 25. The meetings of the IFRS Taxonomy consultative group are open to the public and webcast except for administrative items, which are dealt with in closed session. Any other individuals or members of the public may register as observers in advance of the meeting.
- 26. The agenda, papers and meeting summaries, except those related to administrative items, are available to observers and the public and will be posted on the IASB website. A recording of the meeting will also be made available.

Review of the IFRS Taxonomy consultative group

27. The IFRS Taxonomy consultative group is reviewed as part of the annual review of consultative groups by the Due Process Oversight Committee.