

AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

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Consultative Groups and DPOC engagement: update

Introduction

1. The purposes of this paper are to provide updates on a number of consultative groups and on the DPOC's engagement with the IASB's major advisory and consultative bodies.
2. The DPOC is asked to approve the proposals to amend the SME Implementation Group (SMEIG) Question and Answer (Q&A) programme as set out in paragraphs 16-18 below. Other than that, this report is primarily for information.

Background

3. At its July 2013 meeting, the DPOC considered an annual review of consultative groups that had been prepared by the technical staff (Agenda Paper, AP, 3E for that meeting refers) and considered an update on developments in October 2013 (AP3E for that meeting refers).

Consultative Groups update

Accounting Standards Advisory Forum (ASAF)

4. The third full meeting of the ASAF was held on 5-6 December 2013. At the meeting, the ASAF devoted a day to discussing issues related to the *Conceptual Framework* project, and also held sessions on the post-implementation review of IFRS 3 *Business Combinations*, as well as the projects on leases and rate-regulated activities.
5. Four meetings of the ASAF (in March, June, September and December) have been scheduled for 2014.

Capital Markets Advisory Committee (CMAC)

6. We reported to the DPOC in October 2013 that the CMAC was in the process of refreshing its membership, given that the terms of a number of members expired at the end of 2013. Alan Teixeira's e-mail of 4 November to the DPOC noted the proposed new 16-strong composition of the CMAC for 2014, as follows:

| Background | No | Geography | No |
|---------------------------|----|---------------|----|
| Sell-side | 4 | Global | 4 |
| Buy-side | 3 | Europe | 8 |
| Credit ratings analyst | 1 | USA | 1 |
| Independent consultant | 1 | Canada | 1 |
| Professional organisation | 5 | South America | 1 |
| Corporate Governance | 1 | Asia | 1 |
| Academic | 1 | | |

7. In noting the membership for 2014, the DPOC encouraged the continuing efforts to broaden the membership in terms of both professional background and geographical representation. A number of DPOC members questioned the selection process for CMAC members and this is an issue the staff propose to revisit as part of the annual review of consultative groups that will be considered by the DPOC at its meeting in July 2014.

Effects Analysis Consultative Group (EACG)

8. An update on the progress of this group was presented to the DPOC in October (AP 3D for that meeting refers). Since then, the EACG met on 18 November to consider a draft of its report to the IASB. A brief report of that meeting is outlined in paragraph 21 below.

Project specific Consultative Groups

9. As reported to the DPOC in July, a number of the longer-standing consultative groups set up on specific projects (those for financial instruments, insurance and leases) have not met for some time. At that meeting, and again at the October meeting, the DPOC enquired about the effectiveness of those groups where formal meetings have not been held for some time and the IASB undertook to come back promptly with proposals to disband any groups that had outlived their original purpose.
10. The staff have again considered the continued existence of the three groups referred to above and propose that, at this stage, all three of them should continue, even if no meetings are planned. As reported previously to the DPOC, the role of each of the groups has evolved to that of a list of experts that the IASB can call on to get specific advice on specific elements of the proposed standard on each project:

- a. on **financial instruments**, the view of the technical staff remains that as expressed in the July 2013 annual review ie that it is beneficial to retain the Financial Instruments Working Group (FIWG) as a formal group in order to draw upon the expertise of the individual members. While the phases of the IFRS 9 project on classification and measurement and impairment are coming towards finalisation, the technical staff see an advantage in retaining the group to provide advice on the accounting for macro-hedging project, where a Discussion Paper is scheduled for publication in the first quarter of 2014;
 - b. on **insurance**, the IASB issued in June 2013 its second Exposure Draft (ED) *Insurance Contracts* focusing on targeted proposals. While the model presented in the 2010 ED was broadly supported, some specific issues were raised that the IASB has sought to address. The 2013 ED requested feedback the five significant changes to the 2010 ED, together with a question on the benefits and costs of the proposals overall and on the clarity of the drafting. The Insurance project has recently concluded extensive outreach on the IASB's proposals in the 2013 ED, which included receiving 194 comment letters. The project team is currently considering the feedback received on the proposals. The IASB has no future plans to meet with the Insurance Working Group (IWG). The view is that a meeting of the IWG is unlikely to provide significant additional feedback beyond that provided by the outreach, field work activities and comment letters. However, due to the stage of the project, and keeping the group as subject experts, the technical staff do not think it is appropriate to wind up the IWG;
 - c. on **leases**, the view of the technical staff remains that as expressed in the July 2013 annual review ie that it is beneficial to retain the Leases Working Group (LWG) but drawing more upon the expertise of the individual members rather than holding a formal meeting of the group. The IASB issued its second ED *Leases* in May 2013 and has received around 640 comment letters in response. The IASB has also conducted extensive outreach on the proposals, in particular with investors and analysts. The IASB (and the US Financial Accounting Standards Board, FASB, given that this is a joint project) are starting their redeliberations in the light of the responses to the ED. While there are no plans to convene a meeting of the LWG, the view of the technical staff is the same as for the IWG.
11. The technical staff will keep the situation regarding the existence of these groups under review and updates will be given as part of the annual review of consultative groups to be reported on in July 2014.

Shariah-compliant Instruments and Transactions

12. At its October meeting, the DPOC considered, and was content with, proposals to expand the membership of this group. Subsequent to that meeting, acceptance letters from four additional member institutions have been received:
 - a. General Counsel for Islamic Banks and Financial Institutions (CIBIFI)
 - b. Islamic Shariah Research Academy (ISRA)
 - c. E&Y Saudi Arabia
 - d. Islamic Development Bank, Saudi Arabia (IDBSA).
13. The IASB view is that this expansion brings the group to a full complement, at least for initial work.

SME Implementation Group (SMEIG)

14. As last reported to the DPOC in July 2013, the IASB will be increasing the size of the SMEIG to 30 members in July 2014 and a call for applications for membership was issued on 14 January¹. After receipt and consideration of the applications, the technical staff will bring the proposed membership of the SMEIG to the DPOC for review to ensure that there is a satisfactory balance of perspectives, including geographical balance.
15. In the meantime, the IASB has agreed proposals to amend the SMEIG's Question and Answer (Q&A) programme. This paper proposes to update the wording of the *Terms of Reference and Operating Procedures for the SME Implementation Group* (Terms of Reference) to reflect those decisions. .

Q&A programme

16. At its meeting in April 2013, the IASB made the following tentative decisions regarding the SME Implementation Group (SMEIG) Q&A programme:
 - a. the Q&A programme should continue as a two tier system:
 - i. Tier 1: issues would be those requiring authoritative guidance and would require full due process. These issues are expected to be rare.
 - ii. Tier 2: issues would be dealt with by non-mandatory education material subject to the normal due process for educational material.
 - b. a procedure should be established to allow constituents to submit issues on the *IFRS for SMEs* via the IASB website. Only issues meeting the criteria in

¹ The call for applications is on the website at: <http://www.ifrs.org/Alerts/SME/Pages/Nominations-sought-for-SME-Implementation-Group-membership-January-2014.aspx>. The closing date for applications is 28 February 2014.

paragraph 15 of the SMEIG terms of reference would be dealt with by the SMEIG. Other issues would be considered when updating the IFRS Foundation education material on the *IFRS for SMEs*.

- c. Existing Q&As should be incorporated into the *IFRS for SMEs* and/or the IFRS Foundation education material as appropriate and the original Q&A will then be deleted.
17. Appendix B to this document sets out the proposed changes to the Terms of Reference to reflect the IASB decision to have two tiers of guidance. There are also a few other minor amendments to bring the Terms of Reference up to date. All changes are shown using tracking. Trustees should note that the changes approved by the Trustees in 2012 regarding the decision to stagger terms of membership of the SMEIG have already been incorporated in the Terms of Reference and are not shown in tracking.
18. The Trustees are requested to approve the tracked changes in Appendix B. **Do you agree with the proposed changes?**

DPOC engagement

19. As reported previously, the DPOC has discussed how it might enhance its engagement with consultative groups and IFRS Foundation Constitutional bodies (in particular the IFRS Interpretations Committee and the IFRS Advisory Council). The DPOC agreed with Scott Evans' proposal that one member of the DPOC, or David Loweth (on behalf of the DPOC), should attend at least part of a face-to-face meeting of each of the major groups and report back to the Committee to validate the breadth of attendance and an appreciation of the quality of the dialogue.
20. Since the October 2013 meeting, a number of the groups have held meetings. Sheila Fraser (and David) attended the November 2013 of the Global Preparers' Forum (GPF). Sheila's report of the meeting, which is at Appendix A, concludes that the meeting was a substantive one, adding value to the IASB's work.
21. David attended the meeting of the EACG on 18 November referred to above. There was a good level of attendance (16 out of 18 members/observers, with 5 participating by conference call, although some could only attend for part of the meeting). The meeting was chaired by Ian Mackintosh, with 3 other IASB members in attendance. Ian chaired the meeting well, giving all participants (including those on the telephone) opportunities to comment. The meeting focussed on a draft of the EACG's report to the IASB and was held in private session to allow participants to express their views in a frank and candid way. Alan Teixeira led the group effectively through a number of aspects of the draft report and there was good participation and constructive comments and debate. Alan's

aim is for a near-final draft of the EACG's report to be prepared for a final meeting of the group in the first few months of 2014.

22. In terms of the future, the following meetings are scheduled:

| Group | Date | Location |
|--------------------------------|---|-----------------|
| IFRS Advisory Council | 24-25 February 2014, then 9-10 June. | London |
| IFRS Interpretations Committee | 29-30 January 2014, then 25-26 March and 13-14 May. | London |
| CMAC | 27 February 2014 | London |
| GPF | 11 March | London |
| ASAF | 3-4 March 2014, then 2-3 June | London |

Appendix A

GLOBAL PREPARERS' FORUM (GPF) MEETING 11 NOVEMBER 2013: SHEILA FRASER'S COMMENTS

- **Attendance** - of the sixteen members, 11 attended in person, 1 by phone. Most of the members actively engaged in the discussions, with only a couple who did not participate. A large presence of Board members (6 at one time or another) and senior staff. David Loweth and I observed throughout most of the meeting.
- **Meeting** - the meeting was public and webcast. The GPF held private sessions before and after the meeting in order, I understand, to coordinate and discuss items for future agendas. It was interesting to note that a Board member (PK) chaired the meeting. It would seem that this is the usual practice, perhaps thereby allowing the chair of the GPF to participate more actively.
- **Agenda** - the first half of the agenda was largely updates from IFRS staff on the IASB work plan, the IFRS Interpretations Committee and the development of two standards: revenue recognition and leases. The second part of the meeting was structured to seek the views of the GPF on two conceptual issues (liabilities and profit and loss/ OCI), a post-implementation review of IFRS 3 and the disclosure initiative, in particular materiality. There was good discussion on all agenda items.
- **Presentations** - the presentations by IFRS staff were professional, of a high quality, and concise, with most using PowerPoint. The material was all provided in advance of the meeting. (Interesting to note that most of the presenters were women).
- **Dialogue** - the members of the GPF were very knowledgeable of IFRS standards, asked relevant and thoughtful questions. At times, there were dissenting opinions offered which was welcomed. It appeared to me to be a very collegial and respectful group, with no hesitancy to raise issues or concerns. Some issues raised for the Board to consider included reporting in countries with an unrealistic stated rate of exchange, inconsistency of application of standards, conformity of standards with the conceptual framework, and concerns about the use of implementation groups.
- **Views of IASB members** - comments from some of the Board members present indicated that the GPF is valuable to them and that they appreciate this input from preparers.
- In summary, the Global Preparers Forum meeting was a substantive one, adding value to the Board's work.

Appendix B

**Terms of Reference and
Operating Procedures for the
SME Implementation Group**

**International Accounting Standards
Committee IFRS Foundation**

*Approved by the Trustees
January 2014-2010*

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paragraphs

**SME IMPLEMENTATION GROUP
TERMS OF REFERENCE AND OPERATING PROCEDURES**

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SME Implementation Group Terms of Reference and Operating Procedures

PART A: BACKGROUND

- 1 At their meeting in July 2009 the Trustees of the [International Accounting Standards Committee \(IASC\)](#) IFRS Foundation² approved the formation of an SME Implementation Group (SMEIG). The mission of the SMEIG is to support the international adoption of the International Financial Reporting Standard for Small and Medium-sized Entities (*IFRS for SMEs*) and monitor its implementation.

The need for implementation guidance

- 2 The International Accounting Standards Board (IASB) issued the *IFRS for SMEs* in July 2009. It is a new [S](#)standard that is expected to be used by ~~thousands (and potentially millions)~~ of SMEs throughout the world. Many of those entities have not been using IFRSs in the past and are unfamiliar with the principles in full IFRSs. And while the *IFRS for SMEs* is based on the principles in full IFRSs, it is a separate [S](#)standard that contains many simplifications as compared with full IFRSs. The simplifications—which reflect the needs of users of SMEs’ financial statements and the technical and financial capabilities of small companies to produce them—include:
- (a) omitting topics in full IFRSs that are regarded as not relevant for most small companies.
 - (b) allowing only the easier option where full IFRSs allow accounting policy choices.
 - (c) simplifying many of the principles in full IFRSs for recognising and measuring assets, liabilities, income and expenses.
 - (d) requiring substantially fewer disclosures.
 - (e) redrafting for clarity.
- 3 Because the *IFRS for SMEs* is a new [S](#)standard with a new constituency, it is inevitable that implementation questions will arise, particularly in the early years of application around the world.

² [At that time called the IASC Foundation.](#)

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- 4 To assist in implementation, the ~~IASB~~^{IFRS} Foundation and the IASB ~~have already taken~~^{took} a number of steps, ~~one of which was to:~~
- ~~(a) When the *IFRS for SMEs* was issued, it was accompanied by implementation guidance comprising illustrative financial statements and a presentation and disclosure checklist.~~
 - ~~(b) The IASB Foundation education staff are developing comprehensive training material for the *IFRS for SMEs*—one training module for each section of the standard. Each module has the full text of the standard with commentary, examples of application, case studies, self-assessment questions, and a comparison with the related full IFRS. The material is posted on IASB’s website for download free of charge.~~
 - ~~(c) The IASB Foundation education staff and IASB staff are conducting regional three-day ‘train the trainers’ workshops around the world, focusing particularly on developing countries and emerging economies.~~
 - ~~(d) IASB members and staff make presentations about the *IFRS for SMEs* both to encourage adoption and to explain the standard.~~
 - ~~(e) The IASB Foundation~~ set up the SMEIG to support the implementation of the ~~S~~standard.

Commitment of the IASB

- 5 In the Preface to the *IFRS for SMEs*, the IASB stated that it intends to review thoroughly SMEs’ experiences in applying the *IFRS for SMEs* when two years of financial statements using the ~~S~~standard have been published by a broad range of entities and—on the basis of that review—to propose amendments to address implementation issues. At that time, the IASB will also consider new and amended IFRSs that have been approved since the *IFRS for SMEs* was issued. After that initial implementation review, the IASB expects to propose amendments to the *IFRS for SMEs* by publishing a single omnibus exposure draft once every three years.
- 6 [DELETED].
- 7 Because the *IFRS for SMEs* was issued in mid-2009, the first two years in which the ~~S~~standard ~~will be~~^{was} used by a broad range of entities ~~will be~~^{were} 2010 and 2011. ~~Therefore, the initial review of the ~~S~~standard is likely to begin~~^{began} in ~~June late 2011 or early 2012~~³. ~~If some changes to the *IFRS for SMEs* are regarded as urgent, the review could be undertaken in two phases, rather than one~~
- 8 ~~Meanwhile~~^{Between} the IASB’s periodic reviews, there will be a need to provide guidance on pervasive implementation questions and to consider whether any short-term amendments to the ~~S~~standard are

³ The review got underway in June 2012 when the IASB published a Request for Information *Comprehensive Review of the IFRS for SMEs*.

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needed in the interim to respond to a significant problem that has been identified. The SMEIG has been formed to address these issues.

Revision of the *Terms of Reference and Operating Procedures*

8A The *Terms of Reference and Operating Procedures* are updated by the Trustees of the IFRS Foundation from time to time to reflect changes in circumstances, due process or requirements. This revised document was issued by the Trustees of the IFRS Foundation on XX January 2014. Previous *Terms of Reference and Operating Procedures* are available on request.

PART B: DECISIONS OF THE IASBIFRS FOUNDATION TRUSTEES

Responsibilities of the SMEIG and scope of its work

- 9 The Trustees of the IASBIFRS Foundation have set up the SMEIG and have given it two main responsibilities:
- (a) To consider implementation questions raised by users of the *IFRS for SMEs*, decide which ones merit published implementation guidance based on the criteria set out below, reach a consensus on what that guidance should be and, develop ~~proposed non-mandatory~~ guidance in the form of questions and answers (Q&As) that would be made publicly available to interested parties on a timely basis, ~~and request the IASB to review the Q&As before they are published in final form~~. The Q&As are intended to ~~be non-mandatory guidance that will~~ help those who use the *IFRS for SMEs* to think about specific accounting questions. In rare cases the SMEIG may decide to develop mandatory guidance that is subject to approval by the IASB.
 - (b) To consider, and make recommendations to the IASB on the need to amend the *IFRS for SMEs*:
 - (i) for implementation issues that cannot be addressed by Q&As, and
 - (ii) for new and amended IFRSs that have been approved since the *IFRS for SMEs* was issued or last amended.

Membership of the SMEIG

- 10 The SMEIG shall have at least 12 and not more than 30 members appointed by the Trustees of the IFRS Foundation. The Trustees will invite nominations, including self-nominations, on the IFRS Foundation's website.
- (a) The terms of all members who were appointed before 1 January 2013 shall expire on 30 June 2014;
 - (b) The Trustees shall appoint at least 12 and not more than 30 members for terms starting 1 July 2014 as follows:
 - (i) Not more than 10 members who were appointed before 1 January 2013 will be eligible for reappointment; all such reappointments will be for a period of 2 years ending 30 June 2016; such members shall not be eligible for further reappointment;
 - (ii) Not more than 15 new appointments will be for a term of 3 years. The remaining new appointments will be for a term of 2 years;
 - (c) All subsequent terms will be for a period of 3 years;

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- (d) Except as set out under 10(b)(i) above, ~~No~~ no member will serve more than two consecutive terms, unless in the opinion of the Trustees, no suitable replacement with similar expertise is available;
 - (e) Where a member is unable to complete his/her term, the Trustees may at their discretion choose to fill the vacancy created. Where a vacancy is filled in this way, the new member will complete the term of the member being replaced. Such a member would be eligible for two further complete terms following the partial term.
- 11 Members of the SMEIG are selected for their knowledge of and experience in financial reporting by SMEs and, preferably, their knowledge of and direct experience with the *IFRS for SMEs*. They would normally include accountants working in SMEs, auditors in small or medium-sized public practices, and bank lenders and other users of financial statements of SMEs, with a reasonably broad geographical representation.
- 12 All members of the SMEIG shall serve on a voluntary, unpaid basis.
- 13 The SMEIG also may include appointed observers who have the right to participate in SMEIG deliberations, but not to vote.

Chair of the SMEIG

- 14 The Trustees of the IASBIFRS Foundation will appoint the Chair of the SMEIG, who may be, but need not be, the IASB's Director of Standards for SMEs. With respect to the technical activities of the SMEIG, the Chair of the SMEIG shall report to the Chair of the IASB. The SMEIG shall have such additional staff as provided in the budget of the IASBIFRS Foundation.

Criteria for non-mandatory Q&A guidance

- 15 In deciding whether to address an issue in a Q&A, the SMEIG shall consider the following criteria:
- (a) The issue should be pervasive, ie it has arisen or is likely to arise in financial reporting by a broad group of SMEs in various jurisdictions.
 - (b) Owing to a lack of clarity in the *IFRS for SMEs*, unintended or inconsistent implementation has occurred or is likely to occur in the absence of a Q&A.
 - (c) The SMEIG can reach a consensus on the appropriate treatment on a timely basis.
- 16 The SMEIG is expected to focus on a limited number of pervasive issues and not to seek to create an extensive rule-oriented environment. Nor does the SMEIG act as an urgent issues group.
- 17 The SMEIG should not reach a consensus in a Q&A that changes or conflicts with the *IFRS for SMEs*.

17A The SMEIG may decide that mandatory guidance is required that would require approval by the IASB. In addition, if the SMEIG concludes that the requirements of the *IFRS for SMEs* should be amended, the SMEIG should make a recommendation in that regard to the IASB that will be considered with during the IASB's periodic review of the *IFRS for SMEs* or, in rare cases, as an urgent amendment to the *IFRS for SMEs*.

PART C: ~~INVOLVEMENT OF THE IASB IN~~ THE WORK OF THE SMEIG

- 18 The SMEIG assists the IASB in improving financial reporting by undertaking the responsibilities as set out in paragraph 9 above, namely:
- (a) developing non-mandatory guidance for implementing the *IFRS for SMEs* in the form of Q&As, that would be made publicly available to interested parties on a timely basis, and
 - (b) making recommendations to the IASB on the need to amend the *IFRS for SMEs*.

Due process in developing a non-mandatory Q&A guidance

Stage 1 Identification of issues

- 19 Preparers, auditors and others with an interest in financial reporting by SMEs will be encouraged to refer to the SMEIG questions about the application of the *IFRS for SMEs*. The IASB will establish a procedure for doing so via its website ~~(and possibly by email as well)~~.

Stage 2 Deciding whether to publish a Q&A

- 20 Staff will ~~prepare~~ review a brief analysis of each submitted question against the criteria in paragraphs 15–17 above and, if guidance might be appropriate, will prepare a brief analysis with a recommendation on:
- (a) whether it should be addressed by a Q&A (based on ~~the that~~ criteria in paragraphs 15–17 above), and
 - (b) if the recommendation is to develop a Q&A, what the staff's recommended answer would be and why.
- If the staff think that the question should be dealt with by mandatory guidance it will state this in its recommendation.
- 21 Staff will send their recommendations to members of the SMEIG by email. SMEIG members will have 30 days to respond on (a) whether the SMEIG member agrees with the staff recommendation on the need for a Q&A, ~~and~~ (b) if the recommendation is to publish a Q&A, whether the SMEIG member agrees with the substance of the staff's proposed answer and, if not, what the SMEIG member's answer would be and why and (c) whether the SMEIG member thinks the question should be dealt with by mandatory guidance (see paragraphs 36B–36E below). SMEIG members should respond in writing to the staff. Such correspondence will be made available to all SMEIG members ~~and to members of the IASB~~. It will be treated as internal correspondence rather than as public documents.

Stage 3 Reaching a tentative consensus

- 22 Staff will prepare a summary of the views of SMEIG members.
- (a) A tentative consensus is reached on the need for a Q&A if a simple majority of SMEIG members agree with the staff recommendation.
 - (b) A tentative consensus is reached on the substance of the staff's proposed answer for a Q&A if a simple majority of SMEIG members agree with the staff recommendation.
- 23 If a tentative consensus is reached that a Q&A is needed and on the substance of the answer, staff shall prepare a draft Q&A. The draft Q&A will include the SMEIG's reasons for reaching the answer that it did.

Stage 4 The IASB's role in the draft Q&A

- 24 ~~Q&As are non-mandatory guidance and are developed as education material. The development of educational material does not take place in public IASB meetings. Members of the IASB will have access to all of the communications within the SMEIG leading to development of the draft Q&A.~~
- 25 ~~In accordance with the due process for educational material accompanying an IFRS, the draft Q&A must be reviewed by at least three IASB members will be circulated to the members of the IASB by email.~~
- ~~The draft Q&A is released for public comment unless four or more IASB members object within a week of being informed of its completion.~~

Stage 5 Inviting comments on the tentative consensus

- 26 The draft Q&A will be posted on the IASB's website for public comment for a period of not less than 30 days. The website will include a procedure for submitting comments electronically. Comments will be posted on the IASB's website.
- 27 Staff will prepare an analysis of comments received. Staff will make recommendations for changes to the draft Q&A, if any, and send them to SMEIG members with a request for approval of a final Q&A. SMEIG members should respond in writing to the staff within 30 days. Such correspondence will be made available to all SMEIG members ~~and to members of the IASB~~. It will be treated as internal correspondence rather than as public documents.

Stage 6 Reaching a final consensus

- 28 Staff will prepare a summary of the views of SMEIG members. A consensus is reached on the final Q&A if a simple majority of SMEIG members agree with the staff recommendation.

Stage 7 The IASB's role in the release of a final Q&A

- 29 ~~[DELETED]Members of the IASB will have access to all of the communications within the SMEIG leading to development of the final Q&A, and to the public comments on a draft Q&A.~~
- 30 When the SMEIG has reached a consensus on a final Q&A, it must be reviewed by at least three IASB members, ~~it will be circulated to members of the IASB by email.~~ SME IMPLEMENTATION GROUP
- (a) ~~If four or more IASB members object to the consensus within 15 days of being informed of its completion, it will be placed on the agenda of a public meeting of the IASB for discussion and a formal vote to approve publication. (The IASC Foundation's Constitution provides for a simple majority voting requirement in this case.) The IASB votes on the Q&A as submitted by the SMEIG. If a Q&A is not approved by the IASB, the IASB provides the SMEIG with an analysis of the objections and concerns of those voting against the consensus. On the basis of this analysis, the IASB will decide whether the matter should be referred back to the SMEIG, added to its own agenda or not be the subject of any further action.~~
- (b) ~~If no more than three IASB members object to the consensus within 15 days of being informed of its completion, the Q&A will be published.~~
- 31 Approved Q&As are informal guidance~~non-mandatory guidance. They and not are not mandatory standards.~~ Standards. ~~Therefore~~Consequently, they are published in the name of the SMEIG, not the IASB.

Stage 8 Publication of a final Q&A

- 32 SMEIG final Q&As will be posted on the IASB's website, possibly in batches rather than one by one, and made available without charge. They will not be separately printed.
- 33 The IASB will create an email alert list by which interested parties can register to be kept informed about the *IFRS for SMEs*. Those who register will be notified of draft Q&As that have been posted on the IASB's website for public comment, and of final Q&As that are published.
- 34 SMEIG decisions not to develop a Q&A will not be published.
- 35 SMEIG Q&As will include the SMEIG's reasons for reaching the answer that it reached.
- 36 Correspondence among SMEIG members ~~and IASB staff~~ will not be made public.
- 36A During each of the IASB's periodic reviews of the *IFRS for SMEs*, all existing Q&As will be incorporated into the *IFRS for SMEs* and/or the IFRS Foundation education material as appropriate. The original Q&As will then be deleted.

Due process in developing mandatory guidance

- 36B In rare cases under Stage 2 of the Q&A due process (see paragraphs 20-21 above) the staff and/or members of the SMEIG may identify an issue that requires mandatory guidance.

SME IMPLEMENTATION GROUP

Reaching a tentative recommendation for the IASB

- 36C If a tentative consensus is reached that mandatory guidance is needed and also on the substance of the proposed guidance, staff shall prepare draft mandatory guidance for the IASB. The draft mandatory guidance will include the SMEIG's reasons for reaching the answer that it did.
- 36D Members of the IASB will have access to all of the communications within the SMEIG leading to development of the draft mandatory guidance.
- 36E The draft and final mandatory guidance will be subject to the same due process steps as for proposed and final amendments to the *IFRS for SMEs*.

PART D: MEETINGS AND VOTING

Meetings of the SMEIG

- 37 In developing a Q&A, the SMEIG will conduct its work via email correspondence. The SMEIG shall adopt procedures for doing so that are consistent with these [Terms of Reference](#) and [Operating Procedures](#). SMEIG members are expected to participate in the SMEIG's deliberations on all issues. Membership is personal; members participate and vote in accordance with their own independent views, not as representatives voting according to the views of the firm, organisation or constituency with which they are associated.
- 38 If the Chair of the SMEIG believes that a physical meeting of the SMEIG is necessary, the Chair will seek the views of the SMEIG members. If a majority of the SMEIG members believe that a physical meeting is necessary, the Chair will organise such a meeting, including means for SMEIG members to participate by telephone or video link. The [IASCFIRS](#) Foundation will not reimburse SMEIG members for the costs of attending a physical SMEIG meeting.

Voting

- 39 Each member of the SMEIG shall have one vote. The Chair of the SMEIG shall be non-voting except that, in the case of a tied vote, the Chair shall have a casting vote. Members vote in accordance with their own independent views, not as representatives voting according to the views of any firm, organisation or constituency with which they may be associated. Proxy voting is not permitted.

40 A simple majority vote of the members of the SMEIG is required to approve a draft Q&A and a final Q&A.