

AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

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AUTHORS HENRY REES/DAVID LOWETH

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.

Background

2. At its July 2014 meeting, the DPOC considered an annual review of consultative groups that had been prepared by the technical staff (Agenda Paper, AP, 3G for that meeting refers).

Consultative Groups updates

Joint Transition Resource Group for Revenue Recognition

3. As reported previously, the IASB and the US Financial Accounting Standards Board (FASB) have formed a Joint Transition Resource Group for Revenue Recognition (TRG). The DPOC first considered the need for such a group at its meeting in June 2013 and was updated about the membership in an email on 14 May 2014.
4. The TRG has been established to inform the IASB and the FASB about potential implementation issues that could arise when companies and organisations implement the new Standard. The TRG will also provide stakeholders with an opportunity to learn about the new Standard from others involved with implementation. The TRG will not issue guidance.
5. All meetings of the TRG will be public and co-chaired by the Vice-Chairmen of the IASB and the FASB. The first meeting of the group was held on 18 July. At that meeting, the TRG considered four potential implementation issues¹. The next meeting of the TRG is scheduled to take place on 31 October.

¹ The agenda and papers for that meeting can be accessed at: <http://www.ifrs.org/Meetings/Pages/Joint-TRG--for-Revenue-Recognition-July-2014.aspx>.

Transition Resource Group for Impairment of Financial Instruments

6. The DPOC discussed the proposal to establish a transition resource group for impairment (the ITG) at its meeting in Sydney in April 2014. At that meeting the DPOC agreed in principle to set up such a group and was updated on the establishment of the group and its proposed membership on 7 August. The IASB announced the membership of the group on 22 August². The objective of this group is to provide a forum for stakeholders to discuss emerging implementation issues arising from the new impairment requirements set out in IFRS 9. The first meeting of the group has yet to be scheduled.

Shariah-Compliant Instruments and Transactions

7. This group has been formed to discuss Shariah-compliant instruments and transactions. As reported to the DPOC in July, the operating model for this group, developed a year ago, was to place the emphasis on third parties to prepare papers for consideration by the group and the IASB. However, the requests for papers that were made elicited no responses. As a consequence, the IASB adopted an alternative approach and – for the latest meeting of the group held on 5 September – prepared a paper for discussion addressing issues in the classification and measurement of financial instruments under IFRS 9 *Financial Instruments* when applied to instruments used in Islamic Finance.
8. The meeting of the group, in Kuala Lumpur, was combined with outreach sessions that included local bankers, accountants and academics. The discussion centred on three questions raised in the paper³ prepared by Ian Mackintosh (the group Chairman) and Wayne Upton (the group Co-ordinator). In addition, participants were asked for views on how the IASB should take forward the three issues.
9. The IASB is considering a suggestion from some participants that it should repeat the outreach meetings in the Middle East, probably in Dubai.

IFRS Taxonomy Consultative Group (ITCG)

10. As reported previously to the DPOC, in April 2014, the IASB established a new consultative group to help provide a technical advisory and review forum in which members can contribute towards the development of the IFRS Taxonomy. Since the DPOC meeting in July, the ITCG has held two conference calls: on 17 July and 16 September⁴.

² The press release is available at: <http://www.ifrs.org/Alerts/ProjectUpdate/Pages/IASB-confirms-membership-of-transition-resource-group-for-impairment-of-financial-instruments-August-2014.aspx>.

³ The paper is available at: <http://www.ifrs.org/Meetings/MeetingDocs/Other%20Meeting/2014/September/IFRS-9-Discussion-paper-September-2014.pdf>. The issues considered were (i) which IFRS should apply to certain purchase and sale contracts with deferred Payment; (ii) whether some of the instruments common in Islamic Finance meet the characteristics-of-the-instrument test in IFRS 9; and (iii) the description and measurement of income from Islamic Finance instruments

⁴ Details of the agendas and papers for the calls can be accessed at: <http://www.ifrs.org/About-us/IASB/Advisory-bodies/Working->

DPOC engagement

11. 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.
12. Apart from the meetings referred to in paragraphs 3-10 above, there has been no activity since the July 2014 meeting.
13. In terms of the future, the following meetings are scheduled for the remainder of 2014 and first quarter of 2015. Scott would welcome indications from Committee members as to which of the meetings outlined below they would be willing to observe:

Group	Date	Location
IFRS Advisory Council	13-14 October, then 23-24 February 2015.	London (David attending October 2014 meeting).
Capital Markets Advisory Council (CMAC)	16 October 2014.	London
IFRS Taxonomy Consultative Group (ITCG)	28 October 2014, then 11 December 2014 (conference call)	London
Joint Transition Group Revenue Recognition	31 October 2014, then 26 January 2015 and 30 March 2015	London and Norwalk.
Global Preparers Forum (GPF)	6 November 2014.	London
IFRS Interpretations Committee	11-12 November 2014, then 27-28 January 2015 and 24-25 March 2015.	London
Accounting Standards Advisory Forum (ASAF)	4-5 December 2014, then 26-27 March 2015.	London
Emerging Economies Group (EEG)	10-12 December 2014.	Jakarta

