[Draft]

Introduction and
invitation to comment on the

IFRS Taxonomy Due Process

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Introduction

The Trustees of the IFRS Foundation oversee the operations of the IASB and its IFRS Interpretations Committee. The Trustees have a committee—the Due Process Oversight Committee (DPOC)—that is responsible for monitoring the due process and, where necessary, amending the due process procedures in the light of experience and comments from the IASB and interested parties.

Since late 2011, the operations of the IASB have included the development and maintenance of the IFRS Taxonomy™ content and the representation of that content in a reporting syntax such as the eXtensible Business Reporting Language (XBRL) standard.[1] Prior to that, the IFRS Taxonomy and related XBRL activities were an IFRS Foundation supporting activity. This organisational change took place as a direct response to the 2011 Trustees' *Strategy Review*, which recommended that the XBRL activities should be integrated within the Standard-setting function of the IFRS Foundation.[2]

The new structure prompted a review of the strategic direction of the IASB's XBRL activities. The resulting *XBRL Strategy Paper* was completed, and received the broad support of the Trustees at their February 2013 meeting.[3] Among other objectives, it stated that the IASB should play a role in the review and approval of the content of the IFRS Taxonomy and, in addition, that the IFRS Taxonomy due process should be aligned—where relevant—to the due process that is applicable to Standard-setting.

Consequently, the DPOC asked the technical staff to develop proposals to review, and where appropriate, amend the existing IFRS Taxonomy due process.

The first phase of this review was completed in late 2013. The proposed changes were approved by the DPOC in January 2014 and implemented with immediate effect ('the January 2014 amendments'). The staff completed the second phase of their review in the first half of 2014. The staff proposed that the IASB should approve the content of the IFRS Taxonomy and, in addition, the staff suggested that the IFRS Taxonomy and Standard-setting process should be fully aligned. In July 2014, the staff recommended, and the DPOC agreed, that the IASB should hold two trials to better assess the staff proposals. The first trial related to the IFRS Taxonomy due process for content reflecting new or amended Standards ('Trial 1'). The second trial related to the IFRS Taxonomy due process for

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[1] The term 'IFRS Taxonomy' is used in this document to refer to the IFRS Taxonomy™ content and the representation of that content in a reporting syntax such as XBRL.

[2] IFRS Foundation (2012) Report of the Trustees' *Strategy Review 2011 – IFRSs as the Global Standards: Setting the Strategy for the Foundation's Second Decade*, available at: http://www.ifrs.org/About-us/IFRS-Foundation/Oversight/Strategy-Review/Documents/TrusteesStrategyReviewFeb2012.pdf.

[3] The XBRL Strategy paper was also discussed at the February 2013 meeting of the IFRS Advisory Council. The paper can be found at: http://www.ifrs.org/Meetings/MeetingDocs/Advisory%20Council/2013/AC0213-4.pdf

content reflecting common practice ('Trial 2'). These trials were completed during the first half of 2015. The proposed IFRS Taxonomy due process takes into account the internal and external feedback received on those trials.

The Trustees of the IFRS Foundation published in July 2015 a request for views on their latest review of the structure and effectiveness of the IFRS Foundation.[4] This request for views incorporates specific questions on the role of technology and the IFRS Taxonomy. These questions are strategic in nature and the staff do not anticipate there to be an immediate or significant impact on the IFRS Taxonomy due process proposals outlined within this Invitation to Comment. If respondents to this request for views do highlight any issues that impact the IFRS Taxonomy due process, they will be considered together with the public comments received on this Invitation to Comment.

Main features of the revised IFRS Taxonomy Due Process

At the moment, the IFRS Taxonomy due process is covered by a separate *Due Process Handbook for XBRL Activities* ('the XBRL Handbook').[5] It was published and approved by the Trustees of the IFRS Foundation in October 2009. The *XBRL Handbook* has not been updated since 2009. It does not fully reflect current practice or the January 2014 amendments. The DPOC is now also proposing other changes to the IFRS Taxonomy due process on which it is seeking your views. As a result this Invitation to Comment introduces a significant rewrite of the IFRS Taxonomy due process.

Codification of the January 2014 amendments

Some of the changes to the IFRS Taxonomy due process reflect the amendments to the IFRS Taxonomy due process that were approved by the DPOC in January 2014 and that have already been implemented. These amendments include:

- the creation of the IFRS Taxonomy Consultative Group (ITCG) to replace the XBRL Advisory Council (XAC) and the XBRL Quality Review Team (XQRT); and

- the establishment of a process whereby public consultation is sought on IFRS Taxonomy updates released during the year.

Paragraph 70 of the existing *XBRL Handbook* states that taxonomy updates should be released during the year shortly after the publication of new or amended Standards, but that these updates are not final. Paragraph 70 of the *XBRL Handbook* continues by stipulating that these (non-final) updates are incorporated into the next annual release of the IFRS Taxonomy on which public

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[4] The request for views can be found at: http://www.ifrs.org/About-us/IFRS-Foundation/Oversight/Trustees/Pages/Review-of-Structure-and-Effectiveness-Request-for-Views-and-Comment-Letters.aspx

[5] Available at: http://www.ifrs.org/DPOC/Documents/DPHandbookXBRLActivities.pdf.

feedback is sought. The January 2014 amendments changed this process. The IFRS Foundation continues to publish the *annual IFRS Taxonomy*, but no public consultation takes place on that release. Public consultation now takes places on updates to the IFRS Taxonomy released during the year.

Codification of current practice

Some of the proposed changes to the IFRS Taxonomy due process codify procedures that are already being followed but that are not directly covered by the *XBRL Handbook*. Specifically this relates to the process followed for IFRS Taxonomy common practice content.

Separation of content from technology

The proposed changes to the IFRS Taxonomy due process also reflect the different types of steps necessary to provide assurance about the quality of the IFRS Taxonomy. The type of step depends on whether the matter relates to the content or technology of the IFRS Taxonomy.

The main document used to consult on proposed amendments to the content of the IFRS Taxonomy is a *Proposed IFRS Taxonomy Update* document. This consultation document describes in human-readable form the amendments that are being made to the IFRS Taxonomy and the reasons behind these changes.

Publication of *IFRS Taxonomy Files,* using a syntax such as the XBRL standard, to expose content changes is optional. No public consultation is required because the updated files are simply capturing the changes set out in the consultation document.

Role of the IASB

The new due process requirements provide for a specific role for the IASB. Currently, the IASB does not have any formal responsibility for taxonomy-related matters. The DPOC is now proposing that:

- IFRS Taxonomy content updates reflecting new or amended IFRSs are approved by members of the IASB; and

- IFRS Taxonomy content updates reflecting common practice are subject to review by three to five members of the IASB ('the IFRS Taxonomy Review Panel').

The purpose of IASB involvement in the development of the IFRS Taxonomy content is to protect the integrity of the Standards by ensuring that the IFRS Taxonomy model and structure only guides reporting practice in line with IFRS and does not stray into interpretation.

Trial 2 tested the July 2014 staff proposal that the IASB should approve IFRS Taxonomy common practice content. During the trial—and on the basis of discussions with members of the IASB—it was concluded that a review by a panel of selected members of the IASB would be more appropriate. Panel review, rather than IASB approval, was felt to strike the optimal balance between the demand for the IASB to conduct oversight and the potential risks associated with IASB approval of common practice content. These risks mainly relate to IFRS Taxonomy common practice content being perceived as additional authoritative guidance on how to apply IFRS.

The DPOC is also proposing that the IFRS Taxonomy Review Panel should be involved in the initiation and scoping of IFRS Taxonomy common practice and other content projects that do not directly result from the publication of new or amended IFRSs. This helps to ensure that resources are allocated to areas of IFRS Taxonomy development that are of most benefit.

Alignment of the IFRS Taxonomy due process with Standard-setting

Trial 1 tested the July 2014 staff proposal to fully align the IFRS Taxonomy and Standard-setting due processes for taxonomy content reflecting new or amended IFRSs, namely that:

- the public consultation of a *Proposed IFRS Taxonomy Update* document would take place concurrently with the related *Exposure Draft*;

- the *[Proposed] IFRS Taxonomy Update* document would be given the status of accompanying material to the Exposure Draft (or final Standard) and would be developed and approved by the IASB at the same time; and

- no public consultation would take place on the *IFRS Taxonomy Update* document that reflected the final Standard.

Under the existing IFRS Taxonomy due process, the *Proposed IFRS Taxonomy Update* document reflects the presentation and disclosure requirements of the final Standard, and public consultation takes place after the final Standard has been released.

The Exposure Draft *Disclosure Initiative* (Amendments to IAS 7) was used as the basis for the trial. Although not constituting a formal public consultation on the IFRS Taxonomy due process, the Exposure Draft included a question to seek views of respondents on the proposal to fully align the Standard-setting and the IFRS Taxonomy due processes.

The consultation highlighted that there was limited support for the proposals.[6] Consequently, we are now proposing that the existing process of seeking comments on proposed taxonomy amendments that reflect the presentation and disclosure requirements of final Standards should largely be maintained, but with the following changes:

- The IFRS Taxonomy technical staff works closely with the technical project staff during the development and drafting of the Standards. The experience of the staff and the IASB is that early consideration of the IFRS Taxonomy data model may improve the clarity and consistency of the wording of the final Standard, which in turn supports the consistent interpretation and implementation of the Standards.[7] It is proposed that the IFRS Taxonomy due process should make an explicit reference to the fact that the IFRS Taxonomy and more general technology-related matters are considered during Standard-setting.

- It is proposed that a change should be made to the timing at which the ITCG review of the proposed IFRS Taxonomy content takes place. Currently, this review normally happens after the final Standard has been published. It is now suggested that the ITCG review should be aligned with the related external fatal flaw review of the final Standard. Concurrent external fatal flaw review builds upon and supplements the existing staff interaction and thereby brings further opportunities to improve and enhance Standard-setting and the quality of the IFRS Taxonomy.

- It is proposed that the *IFRS Taxonomy Update* document should be given the status of accompanying material to the Standard, even though it may be published at a later time than the final Standard and in the form of a separate document. The staff holds the view that it should be given the status of accompanying material because it illustrates how the IFRS disclosure and presentation requirements are modelled to support structured tagging within an electronic report. In addition, it emphasises the presentation and disclosure requirements and it also aids the understanding of those requirements. The staff is also suggesting that the *IFRS Taxonomy Update* document should be published as a separate document, to minimise any risk of it being considered an integral part of the Standard.

- It is proposed that the drafting, approval and publication of the *Proposed IFRS Taxonomy Update* document should normally happen at the same time as the drafting, approval and publication of the final Standard. The staff holds the view that concurrent approval and publication is the most efficient way to involve the IASB and external stakeholders.

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[6] The staff presented an Analysis of Comments at the June 2015 IASB meeting (Agenda Paper 11A), available at: http://www.ifrs.org/Meetings/MeetingDocs/IASB/2015/June/AP11A-Disclosure%20Initiative.pdf. The IASB reviewed and discussed the staff analysis and recommendations at the July 2015 meeting (Agenda Paper 13), available at: http://www.ifrs.org/Meetings/MeetingDocs/IASB/2015/July/AP13-IFRS-Taxonomy.pdf.

[7] The staff presented some examples to the ASAF at its July 2015 meeting (Agenda Paper 5B), available at: http://www.ifrs.org/Meetings/MeetingDocs/ASAF/2015/July/ASAF-July-meeting-2.0.pdf.

Retention of existing features of the IFRS Taxonomy Due Process

The proposals in this invitation to comment keep largely intact the following main features of the *XBRL Handbook,* namely:

- the important role that an expert consultative group plays within the development of the IFRS Taxonomy;
- the due process to be followed for changes to the technology of the IFRS Taxonomy (the main exception being the length of the comment period);
- the comment period for a *Proposed Taxonomy Update* is normally 60 days; and
- the oversight role of the DPOC.

In setting the length of the comment period, the staff weighed up the requirement for a timely release of the *annual IFRS Taxonomy* with the need to have sufficient time to encourage a broad response. The staff hold the view that a comment period of 60 days strikes the right balance. It does not preclude the use of a longer comment period when the staff believe that a topic may need wider review and discussion and/or require comprehensive software testing. Based upon our experience, this is normally the case when there is a significant change to the technology of the IFRS Taxonomy but is less often the case when there is an update to the taxonomy content reflecting new or amended Standards.

Withdrawal of the *XBRL Handbook*

In February 2013 the Trustees of the IFRS Foundation published an updated version of the *IASB and IFRS Interpretations Committee Due Process Handbook* ('the Due Process Handbook'). Stakeholders were advised at that time that the DPOC planned to review the IFRS Taxonomy due process.

The final stage of this review is now nearing completion. On completion, the DPOC is proposing:

a)   that *the XBRL Handbook* should be withdrawn; and

b)   that *the Due Process Handbook* should be extended to incorporate the IFRS Taxonomy due process in the form of a separate appendix or section.

Merging the two handbooks is consistent with our current organisational structure. There will be one single handbook covering the due process for all operations of the IASB which now includes IFRS Taxonomy-related activities.

The proposed changes to the IFRS Taxonomy due process have resulted in consequential amendments to the *Due Process Handbook*. This Invitation to Comment includes both the proposed IFRS Taxonomy due process and the consequential amendments.

Invitation to Comment

Questions to respondents

The DPOC invites comments on the proposed revisions to the IFRS Taxonomy Due Process. It would particularly welcome answers to the questions set out below.

The DPOC is not seeking feedback on aspects of the due process not related to the IFRS Taxonomy. Any such comments received cannot be considered.

Question 1

The role of the IASB and the IFRS Taxonomy Review Panel within the review and approval of the content of the IFRS Taxonomy is described. Do you agree with the way in which the IASB and the IFRS Taxonomy Review Panel will be engaged and the degree of its involvement? Why or why not? If not, please state the reasons why you do not agree and any alternatives you would like us to consider.

Question 2

The DPOC is proposing to maintain the existing process of public consultation on taxonomy content changes after the release of a final Standard. A *Proposed Taxonomy Update* will normally be released at the same time (or closely after) a final Standard is published and will normally have a comment period of 60 days.

Do you agree with this? Why or why not?

Question 3

The DPOC is proposing that the publication of the *IFRS Taxonomy Files* should be an optional step for proposed content updates. This is a mandatory step under the current process. Publication of the

IFRS Taxonomy Files will remain a mandated step for proposed technology updates and for the publication of the final IFRS Taxonomy update.

Do you agree with these changes? Why or why not?

Question 4

Are there any other matters relating to our proposals for the IFRS Taxonomy due process that you wish to comment on, including matters that are not covered but that you think should be?

Deadline

All comments must be received by the DPOC on or before XXXXX.

How to comment

Comments should be submitted using one of the following methods.

Electronically (our preferred method)	Visit the 'Comment on a proposal page', which can be found at go.ifrs.org/comment
Email	Email comments can be sent to commentletters@ifrs.org
Postal	IFRS Foundation, 30 Cannon Street, London, EC4M 6XH, United Kingdom

IFRS Foundation

Due Process Handbook

This handbook sets out the due process principles that apply to the International Accounting Standards Board and the IFRS Interpretations Committee.

The Trustees of the IFRS Foundation have a Due Process Oversight Committee that is responsible for monitoring compliance with the due process.

This section of the Invitation to Comment includes the proposed amendments to the *Due Process Handbook* and the proposed IFRS Taxonomy due process.

It is proposed that the Due Process Handbook should be extended to incorporate the IFRS Taxonomy due process in the form of a separate appendix or section.

Consequential amendments have also been made to some of the existing text of the *Due Process Handbook*. This Invitation to Comment only provides the paragraphs and sections that have been changed. New text has been underlined and deleted text has been struck through.

The IFRS Taxonomy Due Process

The IFRS Taxonomy and its objectives

A1.   The IFRS Taxonomy is a structured classification system of IFRS disclosures. The main purpose of the IFRS Taxonomy is to support entities in producing a tagged electronic version of their IFRS financial statements.

A2.   The publication of the IFRS Taxonomy assists the IASB and the IFRS Foundation in achieving its objectives as it supports the consistent application and implementation of the Standards and electronic regulatory filings requirements.

The components of the IFRS Taxonomy

A3.   The IFRS Taxonomy has two components:

(a)   The IFRS Taxonomy **content**: this is the set of elements including their properties and the data model that is used to reflect:

(i)   the IFRSs—these relate to IFRS disclosures that are explicitly referred to in the Standards (IFRS disclosure requirements), the accompanying materials to the Standards (IFRS Implementation Guidance, IFRS Illustrative Examples) as well as in the Interpretations; and

(ii)   'IFRS common practice' and any other content not directly reflecting IFRSs—common practice relate to IFRS disclosures that are commonly disclosed in practice by entities when applying IFRSs, even though they are not referred to explicitly in the Standards, Interpretations or the accompanying materials to the Standards.

(b)   The IFRS Taxonomy **technology**: this refers to taxonomy technical features including, but not limited to, the syntax employed to publish and express the content of the IFRS Taxonomy and the taxonomy architecture used. The architecture relates to taxonomy characteristics such as, for instance, the organisation of files and the namespaces used. The IFRS Taxonomy technology does not include the internal systems used by the IFRS Foundation to manage and generate the IFRS Taxonomy files and documents.

A4.   Both components are important features of a high quality taxonomy and are interrelated. The IFRS Taxonomy due process is designed to protect the integrity of both its content and technology.

The IFRS Taxonomy due process publications

A5.   The two main IFRS Taxonomy due process publications are the *[Proposed] IFRS Taxonomy Update* documents and the [*Proposed] IFRS Taxonomy Files*.

The [Proposed] IFRS Taxonomy Update documents

A6.   A *Proposed IFRS Taxonomy Update* document is the primary document used to consult on proposed updates to the content or technology of the IFRS Taxonomy. An *IFRS Taxonomy Update* document is published for the final changes to the IFRS Taxonomy.

A7.   A *[Proposed] IFRS Taxonomy Update* document describes in a human-readable form:

(a)   the questions on which feedback is sought (this applies only to a *Proposed IFRS Taxonomy Update* document);

(b)   the proposed (or final) amendments being made; for example, the elements being added or removed from the IFRS Taxonomy; and

(c)   the reasons behind these changes and, where alternative options exist, the reasoning as to why a specific option is preferred.

A8.   An *IFRS Taxonomy Update* document for content changes that reflect new or amended IFRSs has the same status as accompanying material to the *Standard.* It illustrates how the IFRS disclosure and presentation requirements are modelled within the taxonomy to support structured tagging within an electronic report. In addition it emphasises the presentation and disclosure requirements and it also aids the understanding of those requirements. Although it is accompanying material, the *IFRS Taxonomy Update* document is published as a separate document, to minimise any risk of it being considered an integral part of the Standard.

The IFRS Taxonomy Files

A9.   The term *[Proposed] IFRS Taxonomy Files* refers to the proposed (or final) taxonomy files expressed using the XBRL syntax or any other taxonomy delivery mechanism or syntax the IFRS Foundation considers appropriate. These files allow computers to automatically process the taxonomy and to render its content using various software applications.

The role of the IASB

A10.   The technical programme of the IASB incorporates IFRS Taxonomy activities. Members of the IASB approve IFRS Taxonomy content reflecting new or amended IFRSs. A designated group (the IFRS Taxonomy Review Panel) exists to provide oversight over IFRS Taxonomy content related matters not reflecting new or amended IFRSs. The IFRS Taxonomy Review Panel consists of at least three, but not more than five, members of the IASB.

The IFRS Taxonomy Consultative Group (ITCG)

A11.   The IASB has established a consultative group for its taxonomy related activities, called the IFRS Taxonomy Consultative Group ('the ITCG'). The objectives of the ITCG are:

(a)   to review the IFRS Taxonomy to ensure its meets expected market standards and best practice from both a data content and technical perspective;

(b)   to provide technical advice and implementation guidance to the IASB on strategic matters relating to the IFRS Taxonomy; and

(c)   to provide guidance to the IASB on matters relating to financial reporting ontology.

A12.   The staff consults the ITCG during the development of IFRS Taxonomy changes. Meetings of the ITCG are normally held in public. Papers that are discussed by the ITCG are normally publicly available. Members of the public may attend meetings to observe. Meetings are recorded and where possible, broadcast live. Recordings of the meetings are publicly available on the IFRS Foundation website.

Review and approval of the IFRS Taxonomy

Reviews and approval by the IASB

A13.   Approval of *the Proposed IFRS Taxonomy Update* document and the (final) *IFRS Taxonomy Update* documents for IFRS Taxonomy content reflecting new or amended IFRSs requires the support of a super majority of the IASB, by means of a ballot.

A14.   Changes to IFRS Taxonomy common practice and any other content that does not directly reflect new or amended IFRSs are subject to review—but not approval—by the IFRS Taxonomy Review Panel. Any member of the IFRS Taxonomy Review Panel may decide to raise an issue for general discussion and review at a public meeting of the IASB.

A15.   The IFRS Taxonomy Review Panel also reviews staff proposals for the initiation of a new IFRS Taxonomy common practice project or any other project that affects the content of the IFRS Taxonomy but that does not directly result from new or amended IFRSs. This includes any content amendments that have been triggered as a result of a change to the technology of the IFRS Taxonomy.

A16.   The IASB or the IFRS Taxonomy Review Panel does not approve or review the *[Proposed] IFRS Taxonomy Files*.

Reviews by the ITCG

A17.   The IASB does not approve the *[Proposed] IFRS Taxonomy files*. The ITCG reviews of the *[Proposed] IFRS Taxonomy Files* help to ensure the technical integrity of the IFRS Taxonomy.   The ITCG is also involved in the reviews of the *[Proposed] IFRS Taxonomy Update* documents and may also be asked to review IFRS Taxonomy educational and supporting materials.

A18.   For new or amended IFRSs, the ITCG review period is normally aligned with the fatal flaw review period of the drafting of the final Standard or Interpretation. For other reviews, and in cases in which no fatal review of the final Standard or Interpretation takes place, the ITCG normally has a 14-day (calendar) period in which to conduct its reviews. If the matter is considered narrow in scope and/or urgent, the staff may reduce the ITCG review period, but not to less than 7 calendar days.

A19.   Because reviewers convey their personal views, rather than those of their organisations, their comments are not made public, unless specifically agreed with the ITCG member providing the comment. The staff normally summarise the ITCG comments received at a public meeting of the ITCG.

Development of a Proposed IFRS Taxonomy Update

A20.   Updates may relate to a change to the content or technology of the IFRS Taxonomy. In some circumstances, an update may affect both the content and the technology of the IFRS Taxonomy. The IFRS Taxonomy due process that is applied then combines the process followed for the content and the technology, respectively, of the IFRS Taxonomy.

Content changes reflecting new or amended IFRSs

A21.   The IFRS Taxonomy is considered during the development of new or amended IFRSs. The staff prepare papers for the IASB to consider at a public meeting. These papers may incorporate IFRS Taxonomy content-related matters if review or approval by the IASB on a specific topic is required.

A22.   The IFRS Foundation may also make available, on its website, IFRS Taxonomy materials depicting the presentation and disclosure requirements of an Exposure Draft or where relevant a Draft Interpretation. These materials do not constitute a *[Proposed] IFRS Taxonomy Update* document and are not approved by the IASB. Their aim is to facilitate the understanding of the proposed presentation and disclosure requirements.   A *Proposed IFRS Taxonomy Update document* is developed for final changes to IFRSs only.

A23.   The IASB approval of the *Proposed IFRS Taxonomy Update* document normally takes place concurrently with the approval of the ballot of the final Standard or Interpretation. The IASB may decide that the approval of the *Proposed IFRS Taxonomy Update* document should take place at a later time if:

(a)   its concurrent publication with the Standard risks delaying the publication of the Standard or Interpretation; or

(b)   the proposed amendments to the IFRS Taxonomy are sufficiently narrow in scope and consequently can be combined with future proposed amendments into one *Proposed IFRS Taxonomy Update* document.

A24.   Preparation of the *Proposed IFRS Taxonomy Files* that reflect content amendments for new or amended IFRSs is optional.

A25.   The staff normally deliver a draft outline of the *Proposed IFRS Taxonomy Update* document and, if they have been prepared, the *Proposed IFRS Taxonomy Files*, for review by members of the ITCG. Members of the ITCG are asked to review whether the proposed changes to the content of the IFRS Taxonomy reflect the amendments to IFRSs accurately and in the most appropriate way.

New common practice and other content changes not reflecting new or amended IFRSs

A26.   The staff and IFRS Taxonomy Review Panel consider adding topics to the IFRS Taxonomy work plan and base their judgements primarily on the needs of the users of the IFRS

Taxonomy.[8] For example: a new common practice project may arise from post-implementation reviews or feedback from regulators and other users of the IFRS Taxonomy.

A27.   The process followed to develop the proposed amendments to the IFRS Taxonomy that do not respond to new or amended Standards, depends on the type and the purpose of the content update. For example, for a common practice project, the staff may perform an empirical analysis of IFRS financial statements and may set specific benchmark criteria to identify and select proposed new taxonomy elements. The IFRS Foundation makes publicly available materials that document the specific development process being followed.

A28.   Review of the proposed content amendments by the IFRS Taxonomy Review Panel is a required step. Provided the IFRS Taxonomy Review Panel has not highlighted any issues that require further investigation, the staff proceed with the drafting of the *Proposed IFRS Taxonomy Update* document. Preparation of the *Proposed IFRS Taxonomy Files* is optional.

A29.   The staff normally deliver a draft outline of the *Proposed IFRS Taxonomy Update* document and, if they have been prepared, the *Proposed IFRS Taxonomy Files*, for review by members of the ITCG.

Technology changes

A30.   IFRS Taxonomy technology changes may affect the way in which the IFRS Taxonomy has been implemented by its users. Because this impact could be significant, the staff develop the changes in consultation with the ITCG while also conducting targeted outreach, particularly with regulators and software vendors. When the changes are expected to be substantial or multiple alternative options exist, the staff may also decide to issue a *Request for Information* before formalising the proposed change.

A31.   A *Proposed IFRS Taxonomy Update* document describing the technology changes must be prepared. The *Proposed IFRS Taxonomy Files* must also be prepared.

A32.   The staff must provide the ITCG with a draft outline of the *Proposed IFRS Taxonomy Update* document, a draft of the *Proposed IFRS Taxonomy Files* and, where published, any draft of the *Request for Information* for their review prior to publication and consultation.

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[8] This only relates to the work plan for IFRS Taxonomy content not reflecting new or amended IFRSs. The work plan for IFRS Taxonomy content reflecting new or amended IFRSs is determined by the IASB standard-setting work plan.

Publication and consultation

A33.   *Proposed IFRS Taxonomy Update* documents and, where prepared, *Proposed IFRS Taxonomy Files* are the subject of public consultation. The comment period will normally be at least 60 days. If the matter is narrow in scope and/or urgent, the staff can consider a comment period of no less than 30 days after obtaining approval from the IASB (content changes reflecting new or amended IFRSs) or after consulting with the IFRS Taxonomy Review Panel (other content changes) or the ITCG (technology changes).

A34.   In the case of a taxonomy update reflecting new or amended IFRSs, the *Proposed IFRS Taxonomy Update* document are released at the same time or closely after the final Standard is published, but with the exceptions referred to in paragraph A23 above.

A35.   The publication of *Proposed IFRS Taxonomy Files* that reflect proposed content updates is an optional step. No public consultation on the *IFRS Taxonomy Files* is required for content updates, because the updated files are merely capturing the proposed content changes set out in the *Proposed IFRS Taxonomy Update*.

Finalising Updates to the IFRS Taxonomy

Consideration of comments received and consultations

A36.   All public comment letters received on the *Proposed IFRS Taxonomy Update* documents and where published the *Proposed IFRS Taxonomy Files* are posted on the IFRS Foundation website. The staff consider the comments received and evaluate whether changes should be made to the original proposals and whether any revised proposals should be re-exposed.

A37.   The staff shall discuss the comments received and the changes to the original proposals, including any proposal to re-expose, with :

(a)   the IASB at a public meeting (for new or amended IFRSs);

(b)   the IFRS Taxonomy Review Panel, with a public summary of these discussions being prepared by the staff where relevant (for common practice and other content that does not reflect new or amended IFRSs); and

(c)   the ITCG at a public meeting (for changes to the technology of the IFRS Taxonomy).

A38.   The DPOC must be informed about the due process steps that have been undertaken prior to the finalisation of substantive changes to the IFRS Taxonomy technology.

Drafting, review and publication

A39.   After comments have been considered and discussed, the staff proceed with the drafting, IASB approval (for content amendments reflecting new or amended IFRSs) and the publication of the *IFRS Taxonomy Update* document.

A40.   The creation and publication of the *IFRS Taxonomy Files* is a mandatory step for final updates to both the content and the technology of the IFRS Taxonomy.

A41.   A review by the ITCG of the *IFRS Taxonomy Files* and the *IFRS Taxonomy Update* document is optional. When assessing whether such a review would be useful, the staff consider the substance of any changes made to the final IFRS Taxonomy as a result of comments received during public consultation.

IFRS Taxonomy compilations, translations and editorial corrections

A42.   The IFRS Foundation shall make available the *annual IFRS Taxonomy*. This is a compiled release using content and technology that has previously been subjected to full due process. Consequently, no public consultation is required prior to the release of the *annual IFRS Taxonomy* or any other IFRS Taxonomy compilation.

A43.   Translations of the IFRS Taxonomy content are initiated in response to requests from jurisdictions that have adopted or developing an interest in, the IFRS Taxonomy.   The same procedures followed for translations of IFRSs apply to translations of the IFRS Taxonomy.

A44.   The staff may make editorial corrections to the IFRS Taxonomy after publication to remedy any errors that have been made. Editorial corrections do not alter the intended accounting meaning of IFRS Taxonomy elements or change the technology of the IFRS Taxonomy. For example, editorial corrections may fix specific XBRL attributes such as debit or credit or element label spelling errors. The staff may also make maintenance-type changes to the IFRS Taxonomy, such as, for example, an update to the effective and expiry dates of the IFRS Taxonomy elements to reflect the passage of time. Editorial corrections and maintenance-type amendments are considered post-publication procedures, and do not need to be approved, reviewed or exposed for public consultation.

Consequential amendments

Paragraphs 2.4. and 2.9. (Section 2—Oversight) have been amended to clarify that the DPOC has an oversight role for all aspects the IFRS Taxonomy due process, including those relating to its technology. For that reason, the IFRS Taxonomy is now specifically mentioned. New text is underlined.

2.4.   The DPOC provides continuous oversight over the due process of the IASB and its Interpretations Committee throughout all the development stages of a Standard, the IFRS Taxonomy or an Interpretation, including agenda-setting and *Post-implementation Reviews* (PIRs).

2.9.   The DPOC operates throughout the development of a Standard, the IFRS Taxonomy or an Interpretation, including agenda-setting and PIRs. This is achieved through frequent reporting by, and dialogue with, the IASB, the Interpretations Committee and IFRS Foundation staff.

Paragraph 3.14. (Section 3—Principles) has been amended to clarify that the IASB approves a *[Proposed] IFRS Taxonomy Update* document for content changes reflecting new or amended IFRSs and Interpretation. New text is underlined.

3.14.   There are minimum voting requirements for all important IASB decisions:

Publications	
…	…
Proposed IFRS Taxonomy Update document (paragraph A6)	Supermajority, by way of ballot.
IFRS Taxonomy Update document (paragraph A6)	Supermajority, by way of ballot.

Paragraphs 3.46. (Section 3—Principles) and 3.54. have been amended to clarify that the IASB has responsibility for the content of the IFRS Taxonomy. The IFRS Taxonomy is now mentioned. This makes it clear that the principles outlined in the *Due Process Handbook* with regard to investor engagement and outreach with securities regulators also apply to the IFRS Taxonomy. New text is underlined.

Investors

3.46   The IASB is responsible for developing financial reporting standards that serve investors and other market participants in making informed resource allocation and other economic decisions. The IASB is also responsible for the content of the IFRS Taxonomy.

Securities and other regulators

3.54.   The IASB is responsible for developing global financial reporting standards and an IFRS Taxonomy that are enforceable.

The existing *Due Process Handbook* uses the term 'XBRL'. The IFRS Taxonomy has both a technology and a content component. XBRL is the technology behind the IFRS Taxonomy. Consequential amendments have been made to the *Due Process Handbook* to use the more general term 'IFRS Taxonomy'. This has resulted in changes to the following paragraphs:

- Paragraph 2.8.b. (Section 1—Oversight)

- Paragraph 3.28. (Section 3—Principles)

- Paragraph 4.2. (Section 4—Technical work programme)

Paragraph 2.8.b. has also been amended to reflect that the DPOC propose to withdraw the *Due Process Handbook for XBRL Activities.*

New text is underlined and deleted text is struck through.

2.8.(b)   The DPOC is responsible for:

    (a)   …

    (b)   reviewing, and proposing updates to, the *Due Process Handbook* that relate to the development and review of Standards, Interpretations and IFRS ~~XBRL~~ Taxonomy ~~(a~~

~~separate due process handbook exists for XBRL activities)~~ so as to ensure that the IASB procedures are best practice.

(c) …

3.28. In drafting new Standards, the IASB is conscious that many of those applying or using IFRSs work with translated versions of the English IFRSs. As part of the balloting process the technical staff should liaise with the IFRS Foundation Translations and ~~XBRL~~ <u>IFRS Taxonomy technical</u> staff to ensure that the proposed document can be translated into other languages and incorporated easily into the IFRS ~~XBRL~~ Taxonomy. All documents are also subjected to extensive editorial review.

4.2. IASB technical activities incorporate a wide range of activities, and may also include financial reporting research; the implementation, maintenance and PIRs of IFRSs; and updates and revisions to the *Conceptual Framework*, the Education Initiative and <u>the IFRS Taxonomy</u> ~~XBRL~~.

Paragraph 6.51. (Section 6—New or Amended Standards) has been changed to reflect that the proposed IFRS Taxonomy due process is now more closely aligned to the Standard-setting due process. Changes have also been made to this paragraph to use the more general term 'IFRS Taxonomy' instead of 'XBRL' and to reflect that the *XBRL Handbook* will be withdrawn upon completion of the review of the IFRS Taxonomy due process.

New text has been underlined and deleted text is struck through.

<u>IFRS Taxonomy</u> *~~(XBRL)~~*

6.51. <u>The IFRS Taxonomy is considered during the development and drafting of new or amended Standards. The publication of</u> *the Proposed IFRS Taxonomy Update* <u>normally happens at the same time as, or closely after, the final Standard or amendment to a Standard is published.</u> ~~The due process for the XBRL activities are also covered by the DPOC, but the~~ <u>detailed</u> ~~requirements are set out in a separate document~~ <u>,</u> *~~the Due Process Handbook for XBRL Activities.~~*

The Glossary of terms provided in the *Due Process Handbook* has been amended to describe specific IFRS Taxonomy terms.

New text has been underlined and deleted text has been struck through.

IFRS Taxonomy: a structured classification system of IFRS disclosures. The main purpose of the IFRS Taxonomy is to support entities in producing a tagged electronic version of their IFRS financial statements.

IFRS Taxonomy common practice content: these are IFRS Taxonomy elements including their properties and data model to reflect IFRS disclosures that are commonly disclosed in practice by entities when applying IFRSs even if they are not referred to explicitly in the Standards or the accompanying materials to the Standards.   Normally, common practice elements of the IFRS Taxonomy are specific examples of general reporting categories required by an IFRS. For example, the IFRS Taxonomy has common practice elements for some specific types of revenue, expenses and classes of property, plant and equipment. Preparers are required by IFRS to report material classes of these more general items in financial statements.

IFRS Taxonomy Update document: a document that describes in human-readable form the amendments that are being made to the IFRS Taxonomy, why these changes are made and, where alternative options exist, the reasoning as to why a particular option is preferred. A *Proposed IFRS Taxonomy Update document* exposes the changes to the technology or content of the IFRS Taxonomy for public comment.

IFRS Taxonomy Files: these are the technical files expressed using a syntax such as the eXtensible Business Reporting Language (XBRL) standard or any other taxonomy delivery mechanism or syntax that the IFRS Foundation considers appropriate. *Proposed IFRS Taxonomy Files* expose the changes for public comment.