

## IASB® meeting

Project	Third Agenda Consultation		
Paper topic	Criteria for assessing the priority of financial reporting issues to be added to the work plan		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB) and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of the Standards. Technical decisions are made in public and reported in IASB® *Update*.

**Objective**

1. This paper sets out staff analysis and recommendations on the criteria for assessing the priority of financial reporting issues that could be added to the IASB's work plan (criteria), included in the Request for Information [Third Agenda Consultation](#) (Request for Information).

**Staff recommendations**

2. The staff recommend the IASB:
  - (a) proceed with the criteria as proposed in the Request for Information; and
  - (b) make no additions to the list of criteria.
3. The staff will share with the IFRS Foundation Trustees' (Trustees) Due Process Oversight Committee comments about the criteria relating to the IFRS Foundation's due process, including staff analysis of those comments (paragraphs 52–59).

**Structure of the paper**

4. This paper includes:
  - (a) background (paragraphs 5–8);

- (b) how the IASB will use the criteria (paragraphs 9–12);
- (c) feedback on the proposed criteria and staff analysis:
  - (i) agreement with the proposed criteria (paragraphs 13–17);
  - (ii) comments on the proposed criteria (paragraphs 18–42);
  - (iii) other criteria proposed by stakeholders (paragraphs 43–51); and
  - (iv) comments relating to the IFRS Foundation’s due process (paragraphs 52–59);
- (d) questions for the IASB;
- (e) Appendix A—interconnectivity between the International Sustainability Standards Board (ISSB) and the IASB; and
- (f) Appendix B—staff analysis of other criteria proposed by stakeholders.

## Background

5. One of the objectives of the IASB’s Third Agenda Consultation (agenda consultation) is to gather stakeholders’ views on the criteria for assessing the priority of financial reporting issues that could be added to the IASB’s work plan.
6. The Request for Information proposed that the IASB evaluates a potential project for inclusion in its work plan primarily by assessing whether the project will meet investors’ needs, while taking into account the costs of producing the information. In addition, the Request for Information set out seven criteria that the IASB proposes to use in deciding whether to add a potential project to its work plan:
  - (a) the importance of the matter to investors;<sup>1</sup>
  - (b) whether there is any deficiency in the way companies report the type of transaction or activity in financial reports;<sup>2</sup>

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<sup>1</sup> The Request for Information and this Agenda Paper use the term ‘investors’ to refer to primary users of financial statements as defined in the *Conceptual Framework for Financial Reporting (Conceptual Framework)*.

<sup>2</sup> The Request for Information and this Agenda Paper use the term ‘companies’ to refer to entities that report applying IFRS Standards or the *IFRS for SMEs* Standard.

- (c) the type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others;
  - (d) how pervasive or acute the matter is likely to be for companies;
  - (e) the potential project’s interaction with other projects on the work plan;
  - (f) the complexity and feasibility of the potential project and its solutions; and
  - (g) the capacity of the IASB and its stakeholders to make timely progress on the potential project.
7. The IASB asked stakeholders whether it:
- (a) has identified the right criteria.
  - (b) should consider other criteria.
8. [Agenda Paper 24C](#) for the November 2021 IASB meeting summarises feedback from comment letters, responses to the survey and outreach meetings on the criteria.

### **How the IASB will use the criteria**

9. Responses to the Request for Information, including feedback on the criteria, will help shape the IASB’s thinking when determining how to prioritise its activities and new projects in its work plan for 2022 to 2026. In setting its priorities, the IASB will also consider its own experience and expertise.
10. The purpose of the criteria is to provide a consistent basis for analysis of financial reporting issues that could be added to the IASB’s work plan for 2022 to 2026 (potential projects). The criteria will help the IASB assess which potential projects should be added to the work plan and the relative priority of those projects. We also think the criteria will help the IASB communicate clearly why a particular project is needed.
11. The criteria provide a framework of factors for the IASB to consider when assessing potential projects; they cannot be used mechanistically to determine whether an individual project should be included in the IASB’s work plan. Determining the priority of potential projects that could be added to the work plan will require judgement and the relative importance of a criterion is likely to vary depending on the circumstances surrounding the potential project. Some respondents to the Request for

Information explicitly agreed that the IASB will need to apply judgement to decide which projects to add to its work plan.

12. The staff will apply the criteria discussed in this Agenda Paper to the potential projects identified through the agenda consultation process. The staff will present this analysis at a future meeting.

## **Feedback on the proposed criteria and staff analysis**

### ***Agreement with the proposed criteria***

13. Most respondents provided feedback on this aspect of the agenda consultation. Of those respondents, almost all agreed with the criteria proposed by the IASB. Many said the criteria are well-balanced and adequate. Many respondents who commented did not express any concerns about the criteria.
14. Some respondents suggested the IASB split the criteria into essential and secondary criteria—for example, some said the importance of the matter to users should be given the highest weight, whereas some others said the priority of any project should depend on its urgency and relevance. A few other respondents suggested the IASB rank the criteria—for example, rank the first four criteria as the primary criteria and the three other, more practical criteria, as secondary (confirmatory) criteria.

### ***Staff analysis***

15. Based on the feedback, the staff consider that the IASB has identified the right criteria. We think it is unnecessary to split the criteria into essential and secondary criteria or rank the criteria because:
  - (a) the relative priority of any criterion will vary depending on the circumstances surrounding the potential project, so the key consideration that influences the IASB's decision may differ from one project to another.
  - (b) all proposed criteria have merit in assessing the priority of individual projects.
  - (c) it is unlikely that any subset of criteria could be ranked consistently higher than any other subset of criteria for each project assessed.

16. The final three criteria in paragraph 6(e)–6(g) deal with operational considerations. These operational criteria have been used in the previous agenda consultation. They have worked well in practice because they focus not only on the financial reporting issue, but also on the implications of any solution on the capacity of the IASB and its stakeholders. Responses to the Request for Information indicate that stakeholders support the use of these operational criteria in the IASB’s prioritisation assessment.
17. Some of the respondents who provided detailed comments on the proposed criteria said they would like to understand how the IASB weighs the criteria and applies them to individual projects. As explained in paragraph 12, the staff will use the criteria to analyse whether potential projects should be added to the IASB’s work plan and present the analysis at a future meeting. However, as explained in paragraph 11, the range and subjectivity of any specified criteria means that assessing the priority of potential projects cannot be an exact science and will require judgment.

### ***Comments on the proposed criteria***

18. Respondents to the Request for Information shared various observations and provided some drafting suggestions on the criteria. Respondents’ comments are analysed in the following paragraphs:
  - (a) the importance of the matter to investors (paragraphs 19–26);
  - (b) whether there is any deficiency in the way companies report the type of transaction or activity in financial reports (paragraphs 27–30);
  - (c) the type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others (paragraphs 31–33);
  - (d) how pervasive or acute the matter is likely to be for companies (paragraph 34);
  - (e) the potential project’s interaction with other projects on the work plan (paragraph 35);
  - (f) the complexity and feasibility of the potential project and its solutions (paragraphs 36–37); and
  - (g) the capacity of the IASB and its stakeholders to make timely progress on the potential project (paragraphs 38–42).

*The importance of the matter to investors*

19. Some respondents commented on the first criterion—the importance of the matter to investors.
20. A few respondents suggested the IASB consider the importance of the matter to stakeholders other than primary users of financial statements (for example, preparers, auditors, regulators and wider society). An individual said the IASB should not place too much emphasis on the views of users because users may not always be best placed to identify opportunities for improving financial reporting.
21. We acknowledge that it is important to understand the views of parties other than users when identifying accounting issues and developing solutions to those issues—for example:
  - (a) preparers can provide insight into cost-benefit consideration and feasibility of solutions;
  - (b) auditors and regulators can advise on enforceability of solutions; and
  - (c) all parties can help identify issues that the IASB may wish to address.
22. In fact, the IASB evaluates a potential project for inclusion in its work plan by assessing whether the project will meet investors' (users') needs, while taking into account the costs of producing the information. Consequently, the IASB considers the impact of its proposals on all stakeholders, including not only users/investors, but also preparers, regulators and auditors.
23. However, the objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity.<sup>3</sup> Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial reports for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial reports are directed.<sup>4</sup> The management of a reporting entity is also interested in financial

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<sup>3</sup> Paragraph 1.2 of the *Conceptual Framework*.

<sup>4</sup> Paragraph 1.5 of the *Conceptual Framework*.

information about the entity. However, management need not rely on general purpose financial reports because it is able to obtain the financial information it needs internally.<sup>5</sup>

24. Therefore, meeting the information needs of users is essential to the IASB's work. In deciding the priority of financial reporting issues, the IASB should always consider the importance of the issue to users. If investors do not consider a financial reporting issue important, it is unlikely resolving the issue will contribute towards the objective of financial reporting. Therefore, we do not recommend referring to other parties in this criterion.
25. Some respondents also suggested the IASB consider the importance of the matter to primary users of financial statements other than investors. However, as explained in footnote 1 to paragraph 6 of this Agenda Paper, in the Request for Information the term 'investors' was used to refer to primary users of financial statements as defined in the *Conceptual Framework*—that is, as existing and potential investors, lenders and other creditors.
26. A preparer representative body said the term 'users/investors' covers a broad range of users. This respondent said there should be a distinction between investors that are holders of equity interests and other users. In this respondent's view, the criterion should focus on the importance of the matter to holders of equity interests and should always be analysed together with the cost of producing the information. The staff disagree that the criterion should focus on the needs of equity investors. In developing the *Conceptual Framework*, the IASB discussed whether the needs of a particular group of primary users should be prioritised. However, the IASB decided that the primary users should be identified as investors, lenders and other creditors (paragraphs BC1.15–BC1.20 of the Basis for Conclusions on the *Conceptual Framework*).

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<sup>5</sup> Paragraph 1.9 of the *Conceptual Framework*.

*Whether there is any deficiency in the way companies report the type of transaction or activity in financial reports*

27. Some respondents commented on the second criterion—whether there is any deficiency in the way companies report the type of transaction or activity in financial reports.
28. A few respondents raised concerns that this criterion may capture application issues. However, as explained in diagram 1 in [paragraph 1](#) and [paragraph 24](#) of the Request for Information, the criteria are designed to identify financial reporting issues that would result in new IFRS Standards and major amendments to IFRS Standards. We do not think it was the IASB’s intention to use the criteria to identify application issues that could be addressed as part of the IASB’s maintenance and consistent application activities.
29. Some respondents suggested the IASB consider the following as indicators that there is a deficiency in financial reporting:
- (a) diversity in practice;
  - (b) lack of comparability between entities, including lack of comparability arising from the different requirements in IFRS Standards and US GAAP;
  - (c) proliferation of non-GAAP measures;
  - (d) gaps in current financial reporting requirements; and
  - (e) the existence of structuring opportunities.
30. The staff agree that each of the suggestions in paragraph 29 may provide evidence of a deficiency in financial reporting. We will consider them together with other evidence in analysing whether a deficiency exists. However, we think it is unnecessary to amend the criterion to specifically refer to these indicators—the presence of any one of these indicators is not conclusive evidence that a deficiency exists.

*The type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others*

31. Some respondents commented on the third criterion—the type of companies that the matter is likely to affect, including whether the matter is more prevalent in some

jurisdictions than others. A few expressed concerns that this criterion could result in some types of entities, industries or jurisdictions being prioritised over others, which is contrary to the global, sector-neutral nature of IFRS Standards. More specifically, one respondent suggested that this criterion may lead the IASB to overlook a financial reporting issue that affects many small entities.

32. We do not think that it is the IASB’s intention when applying this criterion to prioritise one type of entity, industry or jurisdiction over another. Indeed, the IFRS Foundation *Constitution* states that in developing globally accepted IFRS Standards, the IASB should take account of, as appropriate, the needs of a range of sizes and types of entities in diverse economic settings.<sup>6</sup> However, we think it is important for the IASB to understand which types of entities, industries or jurisdictions are affected by an issue to make appropriate prioritisation decisions. This criterion will not be used in isolation—how it will affect prioritisation decisions will depend on its interactions with other criteria. In some cases, these interactions will increase the priority, in others—decrease. Consequently, we do not think any changes to this criterion are needed to address these respondents’ concerns.
33. A few respondents suggested that, to avoid potential bias, the criterion should be redrafted and read ‘the extent to which the matter is prevalent across jurisdictions and sectors’. The staff do not support this suggestion because the redrafted criterion would have similar meaning to the fourth criterion.

*How pervasive or acute the matter is likely to be for companies*

34. A few respondents commented on the fourth criterion—how pervasive or acute the matter is likely to be for companies. They said it was unclear what the IASB will consider as part of this criterion. In our view, how pervasive or acute the matter is likely to be for companies depends on various factors, including:
- (a) whether a potential project would address transactions that are widespread and affect all types of entities across various jurisdictions or are specific to a small number of entities.
  - (b) whether a potential project would address transactions that occur frequently.

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<sup>6</sup> Section 2 of the IFRS Foundation *Constitution*.

- (c) the urgency of the issue.
- (d) the extent of change to an entity’s financial statements resulting from new or amended IFRS Standards. For example, new or amended requirements that affect only presentation and disclosure requirements may have a less pervasive effect than new or amended requirements that affect recognition and measurement.

*The potential project’s interaction with other projects on the work plan*

35. A few respondents commented on the fifth criterion—the potential project’s interaction with other projects on the work plan. They said:

- (a) this criterion implies that only interactions between potential and current projects will be considered, but the IASB should also assess the interaction between potential projects. We agree with this point and will consider the interaction between potential projects in our analysis. One respondent suggested redrafting the criterion, so it reads ‘the potential project’s interaction with other projects on the work plan and other potential projects’. We think making this change would be helpful and more precise but based on the overall feedback we think it is unnecessary. We will consider redrafting the criterion for future agenda consultations.
- (b) the IASB should clarify how its prioritisation decisions are affected by several interactions between any potential project and the current projects. In our view, how interactions will affect prioritisation decisions will depend on the nature of those interactions. In some cases, they will increase the priority, in others they will decrease the priority. We plan to discuss how interaction affect prioritisation in our analysis of potential projects.
- (c) this criterion should consider the quantity, complexity and stage of development of current projects as well as synergies between current and potential projects. We agree with this point and think it is captured by the criterion.

*The complexity and feasibility of the potential project and its solutions*

36. Some respondents commented on the sixth criterion—the complexity and feasibility of the potential project and its solutions. They said:

- (a) this criterion should include consideration of how complex the implementation of a solution will be and how complex it will be to provide assurance on the information provided applying new requirements. In our analysis of the priority of potential projects, we will include any evidence we have from feedback about implementation complexity. We will also consider any available feedback from regulators, auditors and accounting firms on the enforceability of a potential project’s solutions.
  - (b) this criterion along with the final criterion—the capacity of the IASB and its stakeholders to make timely progress on the potential project—could create a bias against long-term, large projects. In our view, the fact that a project is complex or may take a long time to complete may affect the timing of a project but should not create a bias against complex projects that take a long time to complete.
37. In our view, there is little point in prioritising a project that has no feasible standard-setting solution and undertaking such a project would not be a good use of stakeholders’ and the IASB’s resources. Projects that have no feasible standard-setting solution might include projects to address financial reporting issues that arise because of non-compliance with requirements or inappropriate exercise of judgement.
- The capacity of the IASB and its stakeholders to make timely progress on the potential project*
38. Some respondents commented on the final criterion—the capacity of the IASB and its stakeholders to make timely progress on the potential project.
39. A few respondents said that due to developments in sustainability reporting, preparers’ capacity to deal with new financial reporting issues will be limited over the next few years. A few standard-setters from Europe said the IASB should mainly consider preparers’ perspective when applying this criterion.
40. In our view, preparers’ capacity to comment on proposals and implement new requirements will be an important consideration which we will factor into our analysis. However, other factors will also need to be considered, including the needs of users, the capacity of other stakeholders and the capacity of the IASB.

41. A few respondents acknowledged that the IASB's capacity to deal with new projects will affect the number of projects the IASB can work on at a time. However, these respondents said the IASB's capacity should not affect the prioritisation decisions, especially on time-sensitive and urgent projects.
42. The staff agrees with these respondents—the IASB may need to change its work plan if time-sensitive or urgent projects arise after the agenda consultation. The IASB has set aside some contingent capacity to undertake urgent and time-sensitive projects that may arise after the agenda consultation. However, the staff continue to think that it would be difficult for the IASB to significantly increase its resources to enable it to prioritise more projects. This is because feedback from our stakeholders indicates that they have limited capacity to engage with the IASB, provide high-quality feedback on proposals or implement changes that result from those proposals.

### ***Other criteria proposed by stakeholders***

43. Some respondents suggested the IASB consider additional criteria when assessing the priority of potential projects, including:
  - (a) potential interactions with the ISSB and sustainability reporting (paragraphs 44–47);
  - (b) consideration of the work of other standard-setters (paragraphs 48–50); and
  - (c) other considerations (paragraph 51).

#### ***Potential interaction with the ISSB and sustainability reporting***

44. A few respondents suggested the IASB consider:
  - (a) how a potential project relates to developments in ESG reporting;
  - (b) the relationship of a potential project with activities and projects of the ISSB; and
  - (c) how a potential project relates to developments in overall corporate reporting.
45. Many respondents commented on a potential interaction between the IASB and the ISSB and said connectivity with the ISSB will be an overarching theme for the IASB in the coming years. Many of these respondents, however, said the IASB needs to remain focused on developing financial reporting requirements and should not

undertake any activities outside its current scope. Some respondents commented on specific projects, which, in their view, will require an ongoing interaction between the two boards, or which should be undertaken jointly.

46. The staff recognise that the extent of the possible interactions between the work of the IASB and the ISSB is difficult to judge at this stage. It is likely that this will continue to be the case until the ISSB starts its work (see Appendix A for more information). However, we do not think that this circumstance should prevent the IASB from making decisions about its priorities for 2022 to 2026. Indeed, many respondents to the Request for Information emphasised the importance of the IASB remaining focused on developing financial reporting requirements.
47. To help the IASB make decisions from February to April 2022, the staff will seek to identify interactions with the work of the ISSB and assess the implications of those interactions for the IASB's prioritisation decisions.

#### *Consideration of the work of other standard-setters*

48. A few respondents emphasised the importance of international comparability for investors with global coverage and suggested the IASB give more prominence to the work streams of other major standard-setters, including the Financial Accounting Standards Board (FASB). Most of these respondents suggested the IASB consider convergence with US GAAP as a separate criterion. Also, a few respondents suggested that the IASB should consider how best to maintain the benefits of the convergence already achieved.
49. The staff acknowledge the benefits of global comparability. However, we think it is unnecessary to add a criterion to address this point. As noted in paragraph 23 of the Request for Information, in determining the priority of projects to be added to its work plan, the IASB considers the work streams of other major standard-setters—for example:
  - (a) at the December 2021 meeting, ASAF members will discuss feedback from recent strategic/agenda consultations undertaken by the Australian Accounting Standards Board (AASB), the Canadian Accounting Standards Board (AcSB), the European Financial Reporting Advisory Group (EFRAG) and the FASB.

- (b) in July 2021, the IASB and the FASB met and discussed preliminary feedback on both boards' agenda consultations.
  - (c) in developing the Appendix B to the Request for Information, we identified work carried out by national standard-setters and other professional bodies that could inform the IASB's work on projects that it adds to its work plan.
50. A user representative group suggested the IASB also consider the work streams of the International Auditing and Assurance Standards Board (IAASB). The staff note that members of the two boards and their staff meet regularly to share information regarding each board's work plan and recent financial reporting developments. The IAASB also provide comment letters on our due process documents regarding potential verifiability or auditability issues arising from the IASB's proposals. Consequently, we think a separate criterion to explicitly consider the work streams of the IAASB is unnecessary.

#### *Other considerations*

51. Some respondents suggested the IASB consider additional criteria when assessing the priority of financial reporting issues that could be added to its work plan. In most cases, each of these additional criteria was suggested by one or a few respondents. As summarised in the table in Appendix B, we think these suggestions are covered by the proposed criteria. Consequently, we do not recommend any additions to the list of criteria.

#### ***Comments relating to the IFRS Foundation's due process***

52. Some respondents suggested including all the proposed criteria in the *Due Process Handbook*. A few other respondents suggested the IASB clarify the link between the proposed criteria and the criteria set out in the *Due Process Handbook*.
53. A user organisation noted differences between the criteria set out in paragraph 5.4 of the *Due Process Handbook* (criteria for new IFRS Standards and major amendments to IFRS Standards) and paragraph 5.16 (criteria that the IFRS Interpretations Committee uses to decide whether a standard-setting project should be added to the work plan). This respondent said it is unclear why there are differences and suggested the IASB clarify this point.

54. An individual raised concerns about the proposed criteria. In this respondent's view, questions in the Request for Information suggest that the list of criteria may be incomplete but adding criteria to the list would mean that the final criteria will not have been subject to due process.

*Staff analysis*

55. Paragraphs 4.3–4.7 of the *Due Process Handbook* set out the requirement for the IASB to undertake agenda consultations. Paragraph 4.3 states that the primary objective of an agenda consultation is to 'seek formal public input on the strategic direction and balance of the [IASB's] work plan, including the criteria for assessing projects that may be added to the [IASB's] work plan'. However, the *Due Process Handbook* does not specify the criteria the IASB should use in assessing projects.
56. In developing the list of the proposed criteria to include in the Request for Information, the IASB considered:
- (a) the four criteria in paragraph 5.4 of the *Due Process Handbook*. These criteria apply when the IASB considers whether to move a research project to standard-setting. These are the four criteria listed in paragraph 18(a)–18(d).
  - (b) three operational criteria that the IASB used in the previous agenda consultation that have worked well in practice. These are the three criteria listed in paragraph 18(e)–18(g) .
57. In our view, it is unnecessary to include all seven criteria in paragraphs 4.3–4.7 of the *Due Process Handbook* because:
- (a) the IASB may want to propose different or additional criteria in future consultations. Including the criteria in the *Due Process Handbook* would prevent the IASB from doing this, possibly inhibiting the IASB's ability to respond to changing financial reporting priorities.
  - (b) the fact that the *Due Process Handbook* requires the IASB to consult on the criteria it proposes to use in each agenda consultation should address any concerns that stakeholders might have about the IASB selecting inappropriate criteria.

58. In response to the comment summarised in paragraph 53 of this Agenda Paper, these two sets of criteria in the *Due Process Handbook* are different because they are used to assess different populations of potential standard-setting projects. The criteria in:
- (a) paragraph 5.4 of the *Due Process Handbook* are used to decide whether to undertake a comprehensive project to develop a new IFRS Standard or major amendment to a Standard (that is, to move a research project to standard-setting).
  - (b) paragraph 5.16 of the *Due Process Handbook* are used to decide whether to undertake a narrow-scope project for the purposes of maintenance and consistent application.<sup>7</sup>
59. In response to a comment summarised in paragraph 54, we think the staff analysis included in this Agenda Paper provides sufficient basis to conclude that any additions to the list of criteria are unnecessary. We also think the re-exposure of the criteria would be unnecessary, even if the IASB were to consider any additions or changes to the criteria as a result of feedback received on the Request for Information.

### Questions for the IASB

1. Does the IASB agree with staff recommendation to proceed with the criteria as proposed in the Request for Information?
2. Does the IASB agree with staff recommendation to make no additions to the list of criteria?
3. Does the IASB have any comments on staff analysis of comments relating to the IFRS Foundation's due process (paragraphs 52–59)?

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<sup>7</sup> The Trustees' Due Process Oversight Committee (DPOC) discussed the criteria in 2019 and 2020, when revising the *Due Process Handbook*, and decided to make no changes.

**Appendix A—Interconnectivity between the ISSB and the IASB**

- A1. The Trustees are at advanced stages in appointing a Chair and Vice-Chair(s) to the ISSB. The ISSB's work is expected to start as soon as the Chair and Vice-Chair(s) have been appointed and to begin with public consultations to inform the ISSB's work plan and proposals informed by recommendations from the Technical Readiness Working Group (TRWG).<sup>8</sup>
- A2. The IFRS Foundation's *Constitution* reflects the intended interconnectivity between the IASB and the ISSB by:
- (a) specifying within the Foundation's objective that the two boards' standards will be complementary (section 2 of the IFRS Foundation *Constitution*);
  - (b) requiring Trustees' to assess how effectively the two boards work together (section 16 of the IFRS Foundation *Constitution*); and
  - (c) requiring each board to establish procedures for working with the other to develop compatible standards that avoid inconsistencies and conflicts (sections 37 and 58 of the IFRS Foundation *Constitution*).
- A3. The IFRS Foundation *Constitution* does not address other conceptual and operational matters because the Trustees concluded that to do so could constrain the boards from developing effective synergies as the ISSB's work evolves.

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<sup>8</sup> See: <https://www.ifrs.org/news-and-events/news/2021/11/ifrs-foundation-announces-issb-consolidation-with-cdsb-vrf-publication-of-prototypes/>.

## Appendix B—Staff analysis of other criteria proposed by stakeholders

B1. This appendix analyses other criteria proposed by stakeholders.

<b>Suggested criterion</b>	<b>How suggested criterion is covered by the proposed criterion or otherwise considered by the IASB</b>
Whether the benefits of the change would exceed the costs	This will be considered as part of the overarching consideration of whether the project will meet investors' needs while taking into account the costs of producing the information. In addition, throughout the development of new requirements, the due process requires the IASB to consider whether the benefits of a change would exceed the costs.
How old the Standard is and when the Standard was last amended	We should only consider revising an old standard if the information it requires entities to provide is no longer useful to users of financial statements. That is, we should only consider revising standards if there is a deficiency in financial reporting.
The number of agenda decisions issued on a topic	The number of agenda decisions issued on a topic may provide evidence that there is a deficiency in financial reporting but is not always determinative on its own.
<ul style="list-style-type: none"> <li>• Economic and regulatory environment impacts</li> </ul>	These factors will be considered when assessing:

<ul style="list-style-type: none"> <li>• How well a potential project meets the needs of stakeholders in a post-pandemic environment</li> </ul>	<ul style="list-style-type: none"> <li>• the type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others; and</li> <li>• how pervasive or acute the matter is likely to be for companies.</li> </ul>
<ul style="list-style-type: none"> <li>• Whether a potential project has an identifiable scope</li> <li>• Whether the potential project is expected to remain relevant when it reaches implementation stage</li> </ul>	<p>These factors will be considered when assessing the complexity and feasibility of the potential project and its solutions.</p>
<p>The capacity of preparers to deal with the change, including the degree of expected impact on IT systems</p>	<p>This will be considered when assessing the capacity of the IASB and its stakeholders to make timely progress on the potential project and how pervasive a matter is likely to be.</p> <p>In addition, this will be considered as part of the overarching consideration of whether the project will meet investors' needs while taking into account the costs of producing the information.</p>