



STAFF PAPER

March 2021

IASB® meeting

Project	Management Commentary		
Paper topic	Comment letter period		
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Purpose of this paper

1. This paper asks the Board to set the comment letter period for the forthcoming Exposure Draft on management commentary.

Background

2. At the October 2020 Board meeting, the Board discussed [Agenda Paper 15C Due process steps and permission for balloting](#). The Board confirmed that it was satisfied that it had complied with the applicable due process requirements and had undertaken sufficient consultation and analysis to begin the balloting process for the Exposure Draft. The Board noted that it planned to decide on the length of the comment letter period at a later date, to allow the Board to consider the most current information about possible implications of covid-19 challenges and the timing of other Board consultations.

Comment period

3. Paragraph 6.7 of the *Due Process Handbook* states:

The Board normally allows a minimum period of 120 days for comment on an exposure draft. If the matter is narrow in scope and urgent the Board may set a comment period of less than 120 days but no less than 30 days after consulting and obtaining approval from the DPOC.

4. The staff think a shorter comment letter period is not necessary or appropriate for this project. The project is not narrow in scope. Rather, the Board is proposing a comprehensive revision of Practice Statement 1 *Management Commentary*.
5. The following are arguments for setting a comment period of more than 120 days for this Exposure Draft:
 - (a) The Board has several consultation documents outstanding and plans to publish several more. Moreover, the covid-19 pandemic has placed constraints on stakeholder resources. Therefore, some stakeholders may not be able to provide considered responses within a comment letter period of 120 days.
 - (b) Respondents to the Exposure Draft may also develop responses to forthcoming proposals by the Trustees of the IFRS Foundation and may find it difficult to respond to both documents at the same time. The Trustees announced on 8 March 2021 that they intend to publish proposals to change the Foundation's Constitution to form an international sustainability reporting standards board within the existing governance structure of the IFRS Foundation. Any changes to the Constitution are subject to a public consultation with a 90-day comment period.
 - (c) If respondents have too little time to develop fully considered responses, they may be less likely to support the revised Practice Statement. With lower support from stakeholders, jurisdictions may be less likely to mandate or encourage adoption of the Practice Statement and entities may be less likely to adopt it voluntarily.
6. On the other hand, having a comment letter period longer than 120 days could delay publication of an improved Practice Statement that would consolidate innovation in narrative reporting and address the current gaps in narrative reporting. Delaying that improvement could, in turn, lead to delays in preparers providing management commentary that better meets the information needs of investors and creditors. The improvements would include more focus on providing information on matters that are specific to an entity's own circumstances and on matters that could affect the entity's

long-term prospects, including intangible resources and relationships and environmental, social and governance matters.

Question for the Board

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How long should the comment period be:

- (a) 120 days?
- (b) a longer period? If so, how long?