

AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

Video conference **October 2021**

Agenda ref 1D

CONTACT Nili Shah

Annual Reporting Protocol

Purpose

1. This paper considers various matters on which the technical staff report to the DPOC annually:
 - (a) the receipt of comment letters and their public availability (paragraphs 5–7);
 - (b) the availability of papers to observers (paragraphs 8–10); and
 - (c) the Board’s dialogue with securities and other regulators (paragraphs 11–22).
2. This report is for the year ending 30 September 2021.
3. No formal action is required to be taken by the DPOC.

Summary

4. The technical staff confirm that:
 - (a) All comment letters analysed have been posted on the IFRS Foundation website.
 - (b) All agenda papers distributed to Board or Interpretations Committee members for public meetings of the Board or the Interpretations Committee were made available on the IFRS Foundation website. Furthermore, there were no cases in which a document discussed by the Board or the Committee in a public meeting was withheld or had any material removed from observers.
 - (c) Regular dialogue has been maintained with securities regulators and prudential supervisors.

Comment Letters

5. The *Due Process Handbook* states:

Comment letters

- 3.67 Comment letters play a pivotal role in Board and Interpretations Committee deliberations because the letters provide considered and public responses to a formal consultation.
- 3.68 All comment letters received by the Board and the Interpretations Committee are available on the IFRS Foundation website. Portions of a comment letter may be withheld from the public if publication would be harmful to the submitting party, for example, if the letter potentially breached securities disclosure laws.

6. In the year to 30 September 2021 the following comment letters were received:

	Number of comment letters
Board	1145 ¹
Interpretations Committee	210
IFRS Foundation	755

7. Details of all the comment letters considered during the year are set out in the Appendix to this paper.

Board papers made available to observers

8. The *Due Process Handbook* includes a section explaining the importance of making papers discussed by the Board members available to observers:

- 3.11 All material discussed by Board or Interpretations Committee members in their public meetings, including papers that are prepared by technical staff, is usually made available to observers via the IFRS Foundation website. The Chair or Vice-Chair of the Board or the Executive Director of Technical Activities have the discretion to withhold papers, or parts of papers, from observers if they determine that making the material publicly available would be harmful to individual parties, for example, if releasing that information could breach securities disclosure laws. The DPOC expects that withholding material in such circumstances would be rare and that most papers of the Board and the Interpretations Committee will be publicly available in their entirety.
- 3.12 The technical staff is required to report to the Board and the DPOC at least annually on the extent to which material discussed by the Board or the

¹ The Third Agenda Consultation and IFRS for SMEs project made use of surveys as an alternative to comment letters. Feedback gathered from surveys is shared publicly with the Board in an unattributed manner; this is to preserve the confidentiality of the survey takers, some of whom may be restricted from publicly expressing their views. As communicated to stakeholders, although survey responses are expected to provide valuable insights, a comment letter remains the most complete form of response, since it includes both responses and detailed rationale for those responses.

Interpretations Committee has not been made available to observers and the main reasons for doing so. In addition, the technical staff is required to include in that report the number of meeting papers that have been distributed less than five working days in advance and the main reasons for doing so.

9. In the year to 30 September 2021, all agenda papers distributed to Board or Interpretations Committee members for public meetings of the Board or the Interpretations Committee were made available on the IFRS Foundation website. Furthermore, there were no cases in which a document discussed by the Board or the Committee in a public meeting was withheld or had any material removed from observers.
10. The staff have reported to the DPOC throughout the year on the late posting of papers for Board meetings (defined in the *Handbook* as papers posted less than five working days in advance of meetings). The papers that were posted late in the period were:
 - (a) one paper for the discussion on Leases and covid-19 (February 2021);
 - (b) three papers for the discussion on Leases and covid-19 (March 2021);
 - (c) a revised paper for the discussion on the initial application of IFRS 17 *Insurance Contracts* (May 2021).

Securities and other regulators

11. The *Due Process Handbook* states:

Securities and other regulators

- 3.55 The Board is responsible for developing high-quality, understandable and enforceable IFRS Standards that improve the transparency and integrity of financial statements. The Board is also responsible for an IFRS Taxonomy that can support securities regulators in facilitating digital access to general purpose financial reports.
- 3.56 To achieve this the Board maintains a dialogue with securities regulators, usually by establishing regular meetings. In addition, members of regulatory bodies are invited to act as observers to Interpretations Committee meetings.
- 3.57 Financial information prepared in accordance with IFRS Standards is used by other regulators, including prudential supervisors.
- 3.58 In that context the Board maintains an enhanced dialogue with such authorities, particularly through the Financial Stability Board and the Bank for International Settlements.

Securities regulators

12. During the year to 30 September 2021, we have maintained our regular dialogue with securities regulators.
13. In addition to engagement with regulators as part of the outreach process for consultation documents, Board and staff members met (via videoconference):
 - (a) IOSCO Committee on Issuer Accounting, Audit and Disclosure (Committee 1) in October 2020, March 2021 and September 2021.

- (b) representatives from the European Securities and Markets Authority (ESMA) in November 2020 and May 2021. We also attended the European Enforcers Coordination Sessions (EECS)² in December 2020 and July 2021.
14. The meetings with IOSCO and ESMA were undertaken in accordance with the respective Statement of Protocols that we have with these organisations. They included an introduction for IOSCO to Andreas Barckow in his new role as Chair of the Board, discussion of application questions identified by securities regulators and discussion about particular technical projects. Standard-setting project technical staff and staff working on application questions also discussed specific topics with these and other regulators' staff on an informal basis, as and when required.
15. We continue to cooperate with regulators to improve the global consistency of electronic reporting. The IFRS Taxonomy team have regular calls with the US SEC and ESMA to discuss any topics that may arise from the use (or planned use) of the IFRS Taxonomy by these regulators.
16. IOSCO and ESMA are members of the Advisory Council and two representatives attend each meeting. In addition, IOSCO representatives are observers at meetings of the Interpretations Committee. ESMA is also an observer to the Taxonomy Consultative Group. Representatives from various national regulators are also members or observers of the Advisory Council and other consultative groups.

Prudential regulators

17. We maintain regular dialogue with prudential regulators. Our interaction with prudential regulators is at both a policy level and at a project level.
18. At the policy level, previously Hans Hoogervorst and now Andreas Barckow is a member of the Financial Stability Board (FSB). Hans attended the FSB Plenary meeting in March 2021 and Andreas attended the FSB Plenary meetings in June and September 2021. We provide the FSB with periodic updates on the progress of our projects.
19. At a project level, we have regular dialogue with the Basel Accounting and Auditing Expert Group (Basel AAEG), which is a sub-committee of the Basel Committee on Banking Supervision (BCBS), meeting them two times during the period.
20. Twice a year there is a forum meeting between representatives of the Board, the Basel AAEG and the International Institute of Finance (a global banking body). This forum enables discussion on the interaction between IFRS Standards and the requirements of the prudential regulators. These forum meetings took place in December 2020 and June 2021.

² EECS is a permanent ESMA working group of accounting enforcers, ensuring supervisory convergence related to the enforcement of financial information prepared applying with IFRS Standards.

21. A representative of the BCBS is an observer on the Interpretations Committee. The International Association of Insurance Supervisors (IAIS) and BCBS are members of the Advisory Council.
22. In addition to these international initiatives, we also have interaction with prudential regulators at a national and regional level, in the period discussing projects such as the post-implementation review of the classification and measurement requirements in IFRS 9. We have also continued our close engagement with many prudential and securities regulators and others (this has included the Basel AAEG, the European Central Bank, the European Banking Authority, the UK Prudential Regulatory Authority, the Association of African Central Banks and ESMA).

Appendix Comment letters received

A1. In the year to 30 September 2021, the comment periods on the following projects closed:

Project	Due Process Stage	No. of Letters
International Accounting Standards Board		
Third Agenda Consultation	Request for Information	115
Initial Application of IFRS 17 and IFRS 9—Comparative Information (Proposed amendment to IFRS 17)	Exposure Draft	43
Business Combinations under Common Control	Discussion Paper	102
Lack of Exchangeability	Exposure Draft	50
Regulatory Assets and Regulatory Liabilities ED/2021/1	Exposure Draft	127
IFRS Taxonomy 2021—Proposed Update 1 Disclosure of Accounting Policies and Definition of Accounting Estimates PTU/2021/1	Proposed IFRS Taxonomy Update	5
Request for Information Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities RFI/2020/2	Request for Information	84
Lease Liability in a Sale and Leaseback (Proposed amendment to IFRS 16) ED/2020/4	Exposure Draft	87
Covid-19-Related Rent Concessions beyond 30 June 2021 ED/2021/2	Exposure Draft	51
IFRS Taxonomy 2020—Proposed Update 5 General Improvements and Common Practice—IAS 19 Employee Benefits PTU/2020/5	Proposed IFRS Taxonomy Update	1
IFRS Taxonomy 2020—Proposed Update 4 General Improvements and Common Practice—Presentation of information in primary financial statements PTU/2020/4	Proposed IFRS Taxonomy Update	4
DP/2020/1 Business Combinations—Disclosures, Goodwill and Impairment	Discussion Paper	193
Request for Information Comprehensive Review of the IFRS for SMEs Standard	Request for Information	66
General Presentation and Disclosures ED/2019/7	Exposure Draft	216
IFRS Taxonomy 2020—Proposed Update 3 Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) PTU/2020/3	Proposed IFRS Taxonomy Update	1
IFRS Taxonomy 2020—Amendments to IFRS 17, Extension of the Temporary Exemption from Applying IFRS 9 and Property, Plant and Equipment—Proceeds before Intended Use PTU/2020/2	Proposed IFRS Taxonomy Update	0
Interpretations Committee		
TAD/21-06/IFRS 16/Economic Benefits from Use of an Asset	Tentative Agenda Decision	12
TAD/21-05/IFRS 9-IAS 20/TLTRO III Transactions	Tentative Agenda Decision	17
TAD/21-04/IAS 32/Accounting for Warrants that are Classified as Financial Liabilities on Initial Recognition	Tentative Agenda Decision	8
TAD/21-03/IFRS 16/Non-refundable Value Added Tax on Lease Payments	Tentative Agenda Decision	16

TAD/21-01/IAS 2/Costs Necessary to Sell Inventories	Tentative Agenda Decision	22
TAD/21-02/IAS 10/Preparation of Financial Statements when an Entity is No Longer a Going Concern	Tentative Agenda Decision	17
TAD/20-07/IAS 38/Configuration or Customisation Costs in a Cloud Computing Arrangement	Tentative Agenda Decision	20
TAD/20-08/IFRS 9/Hedging Variability in Cash Flows due to Real Interest Rates	Tentative Agenda Decision	7
TAD/20-05/IAS 1/Classification of Debt with Covenants as Current or Non-current	Tentative Agenda Decision	38
TAD/20-06/IAS 19/Attributing Benefit to Periods of Service	Tentative Agenda Decision	11
TAD/20-04/IFRS 10-IFRS 16/Sale and Leaseback of an Asset in a Single-Asset Entity	Tentative Agenda Decision	20
TAD/20-03/N-A/Supply Chain Financing Arrangements—Reverse Factoring	Tentative Agenda Decision	22
IFRS Foundation		
Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards ED/2021/5	Exposure Draft	176
Sustainability Reporting Consultation Paper	Consultation Paper	579