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## IFRS Foundation Due Process Oversight Committee meeting

Date           **24 July 2025**

Topic           **UK Endorsement Board letter relating to the IASB's project on Rate-regulated Activities**

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This document is prepared for discussion of a public meeting of the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC). The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*.

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## Background and purpose of discussion

1. As reported at the DPOC meeting in Milan on 4 June 2025, the Chair of the DPOC received a letter from the Chair of the UK Endorsement Board (UKEB) on 3 June 2025. The letter is included as Appendix B to Agenda Paper DP2.
2. The letter expresses concerns that the IASB's decision not to publish revised proposals for its prospective *Regulatory Assets and Regulatory Liabilities* Standard as a result of developing the direct (no direct) relationship concept (ie its decision not to re-expose) does not fully meet the requirements of the [Due Process Handbook](#).
3. At its meeting on the 4 June 2025, the DPOC was due to review the due process steps completed on the Rate-regulated Activities project and opine on whether all necessary due process steps have been followed ([Agenda Paper DP3 Due Process Lifecycle Review](#), reposted for this meeting as Agenda Paper DP3). The DPOC had a preliminary discussion at that meeting, but decided that it could not complete its review until it had had the opportunity to consider the UKEB's letter.
4. Accordingly the purpose of this meeting is to consider the letter from the UKEB and the paper responding to the letter (Agenda Paper DP2) that has been prepared by the IASB technical staff in accordance with the protocol for perceived breaches of due process in section 9 of the *Handbook*.

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5. At the meeting the IASB Chair and Vice-Chair will be available as well as technical staff responsible for the project. The meeting will be webcast and the papers available on the website in the usual way. The UKEB's letter was posted to the [DPOC's webpages](#) on 10 June.

## **The IASB's considerations of the need for re-exposure**

6. As explained in Agenda Paper DP2, the IASB considered the need to re-expose revised proposals at its meeting in July 2024. For that discussion, the technical staff prepared IASB Agenda Paper 9G *Consideration of the re-exposure criteria*, which is reproduced in Appendix C to Agenda Paper DP2 (and was provided to the DPOC as background for its lifecycle review). That paper included a comprehensive summary of the proposals in the Exposure Draft, the feedback received and the IASB's decisions in response to that feedback. In the paper, the technical staff analysed the changes made in response to the feedback on the Exposure Draft against the re-exposure criteria in paragraphs 6.25–6.28 of the *Handbook* (reproduced in paragraph 11 of Agenda Paper DP2) and recommended that the IASB finalise the prospective Standard without re-exposing it for another round of public comment. The analysis explicitly considered whether, as a result of introducing the direct (no direct) relationship concept, there is a need to re-expose.
7. Paragraph 6.26 of the *Handbook* explains 'If the [IASB] is satisfied that the **revised proposals respond to the feedback received** and that it is **unlikely that re-exposure will reveal any new concerns**, it should proceed to finalise the proposed requirements [emphasis added].'
8. At its July 2024 meeting, the IASB concluded:
- (a) its changes to the proposals in the Exposure Draft had been made in response to the feedback received on the Exposure Draft and subsequently, including feedback specifically sought on the direct (no direct) relationship concept. Therefore, the final requirements do not include any fundamental changes on which stakeholders have not had the opportunity to comment; and

- (b) given the extensive outreach on the Exposure Draft and the additional outreach conducted subsequently, particularly on the direct (no direct) relationship concept, it is unlikely that re-exposure will reveal significant new concerns or information.
9. Accordingly, the IASB unanimously decided that re-exposure of the proposals in the Exposure Draft with the changes made during its subsequent redeliberations is not required.

## Question for the DPOC

10. The question for the DPOC is whether it is satisfied that the IASB appropriately considered whether there is a need to expose revised proposals applying the guidance in paragraphs 6.25–6.28 of the *Handbook*, given the direct (no direct) relationship concept was developed after the consultation on the Exposure Draft of the draft Standard.
11. If the DPOC is satisfied that the IASB appropriately considered the need for re-exposure, the DPOC will be asked:
- (a) to conclude its life-cycle review of the Rate-regulated Activities Project from the 4 June DPOC meeting and address the question following paragraph 3 in Agenda Paper DP3.
  - (b) to authorise the DPOC Chair to respond to the Chair of the UKEB to confirm that the DPOC has considered its letter and has confirmed that it is satisfied that the IASB appropriately considered the need for re-exposure.

### Questions for the DPOC

1. Is the DPOC satisfied that the IASB appropriately considered the need for re-exposure?  
*If the DPOC is satisfied that the IASB appropriately considered the need for re-exposure:*
2. Does the DPOC confirm that all the necessary due process steps have been followed and its review of due process on the Rate-regulated Activities project is now complete?

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**Questions for the DPOC**

3. Does the DPOC authorise the DPOC Chair to respond to the Chair of the UKEB to confirm that the DPOC has considered its letter and has confirmed that it is satisfied that the IASB appropriately considered the need for re-exposure?