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## Capital Markets Advisory Committee

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| Date     | <b>November 2025</b>                                                                                    |
| Project  | <b>Business Combinations—Disclosures, Goodwill and Impairment</b>                                       |
| Topic    | <b>Exemption from some disclosure requirements</b>                                                      |
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This paper has been prepared for discussion at a public meeting of the Capital Markets Advisory Committee (CMAC). This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB Update.

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## Purpose

The purpose of this discussion is to seek Capital Markets Advisory Committee (CMAC) members' views on aspects of the proposed exemption from disclosing certain items of information in specific situations that was included in the Exposure Draft *Business Combinations—Disclosures Goodwill and Impairment* (Exposure Draft). In particular, we seek your views on a possible refinement to the scope of the proposed exemption from disclosing information about a business combination—also known as a merger and acquisition (M&A).

Slide 11 includes the specific questions for CMAC members.

We are not asking for your views on other aspects of the proposals (for example, details about the information an entity would be required to disclose) in this meeting. For purposes of answering our questions on the proposed exemption, please assume that the disclosure requirements for performance and expected synergy information (including the information to disclose and which M&A it would be required for) are similar to what was proposed in the Exposure Draft.

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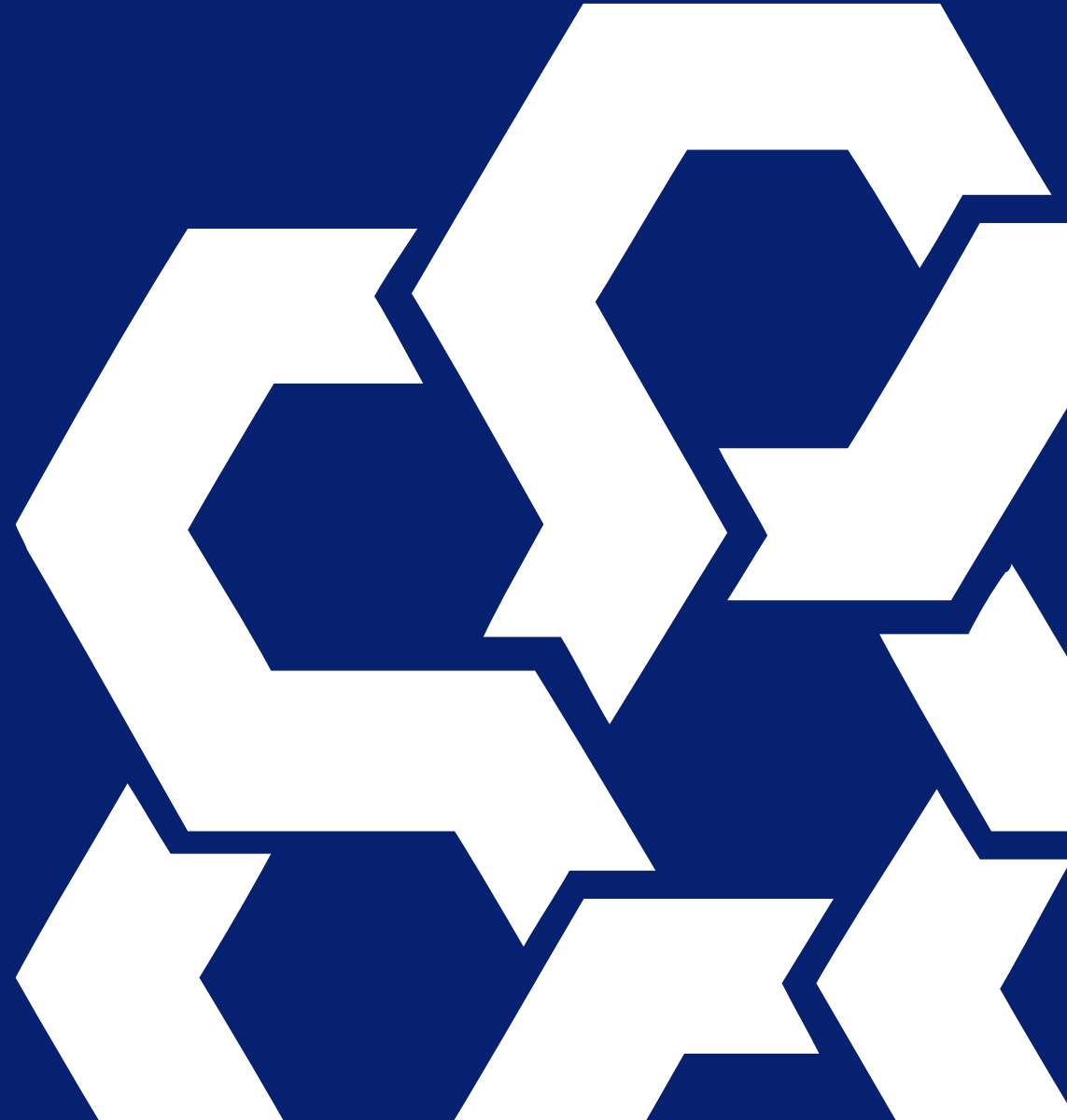
## Structure

The slides are structured as follows:

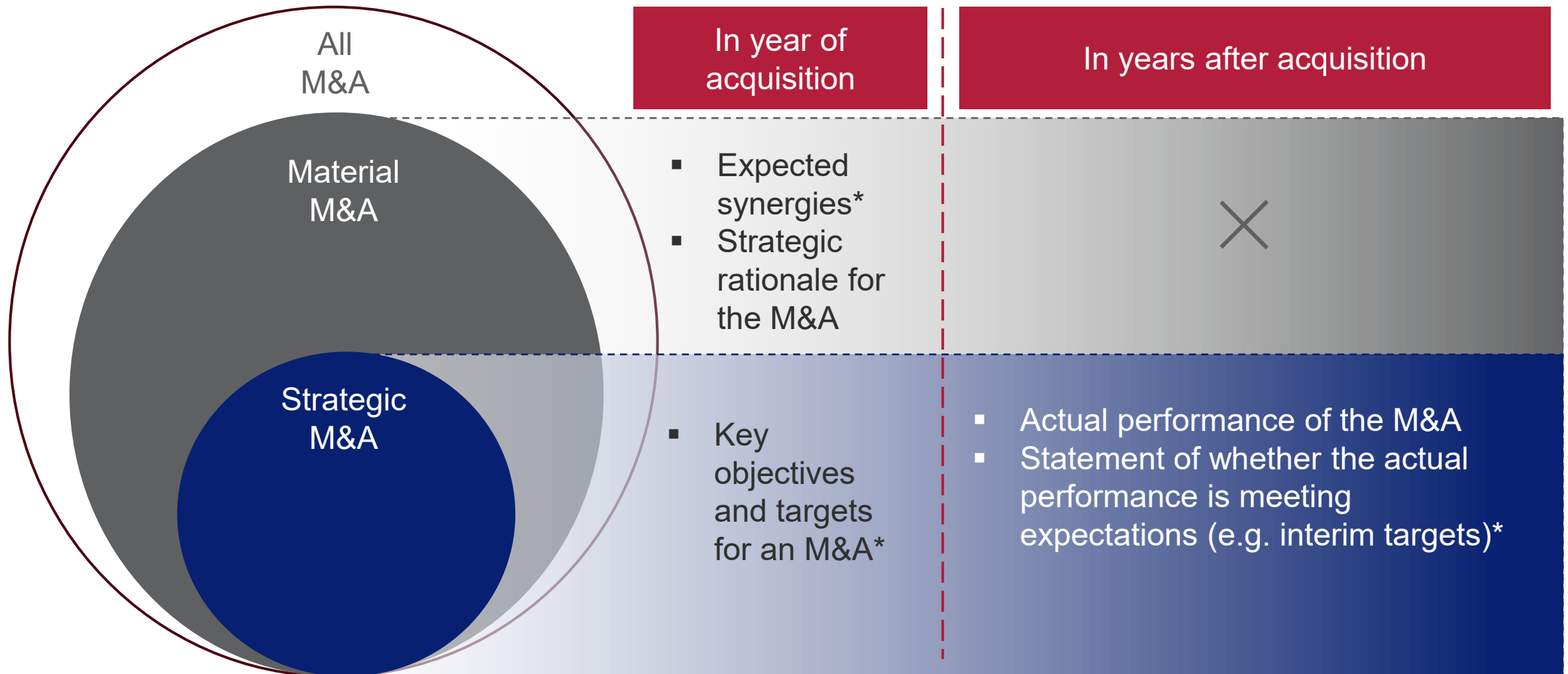
- Background (slides 4–7)
  - Refining the exemption's scope (slides 8–11)
  - Appendix A—Summary of staff's initial views (slides 12–15)
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# Background



## Summary of proposals in the Exposure Draft



\*Exemption available if requirements are met

## The exemption as proposed in the Exposure Draft



### Principle

An entity may be exempted from disclosing some information\* if doing so can be expected to prejudice seriously an entity's objective for an M&A

\* Slide 5 explains which information the proposed exemption would apply to.



### Application guidance

For example:

- disclosing the reason for applying the exemption for each item of information
- factors to consider in identifying the appropriate circumstances for applying the exemption



### Responds to preparer concerns

In particular, concerns about commercial sensitivity and some concerns about forward-looking information

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## Feedback on the proposed exemption

The IASB discussed a summary of feedback on the proposed exemption at its meeting in December 2024 (see Agenda Paper 18F for that meeting). In summary:

- Almost all respondents agreed with allowing an exemption from disclosing some of the information proposed in the Exposure Draft in specific situations. However, many of these respondents said the scope of the proposed exemption is restrictive and does not cover all situations for which an exemption would be needed.
- A few respondents (including user groups, regulators and national standard-setters) said the proposed exemption would be subjective and open to interpretation and possible misuse and suggested restricting the scope of the exemption.
- A few respondents said the IASB should not provide any exemption.

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## Redeliberation status

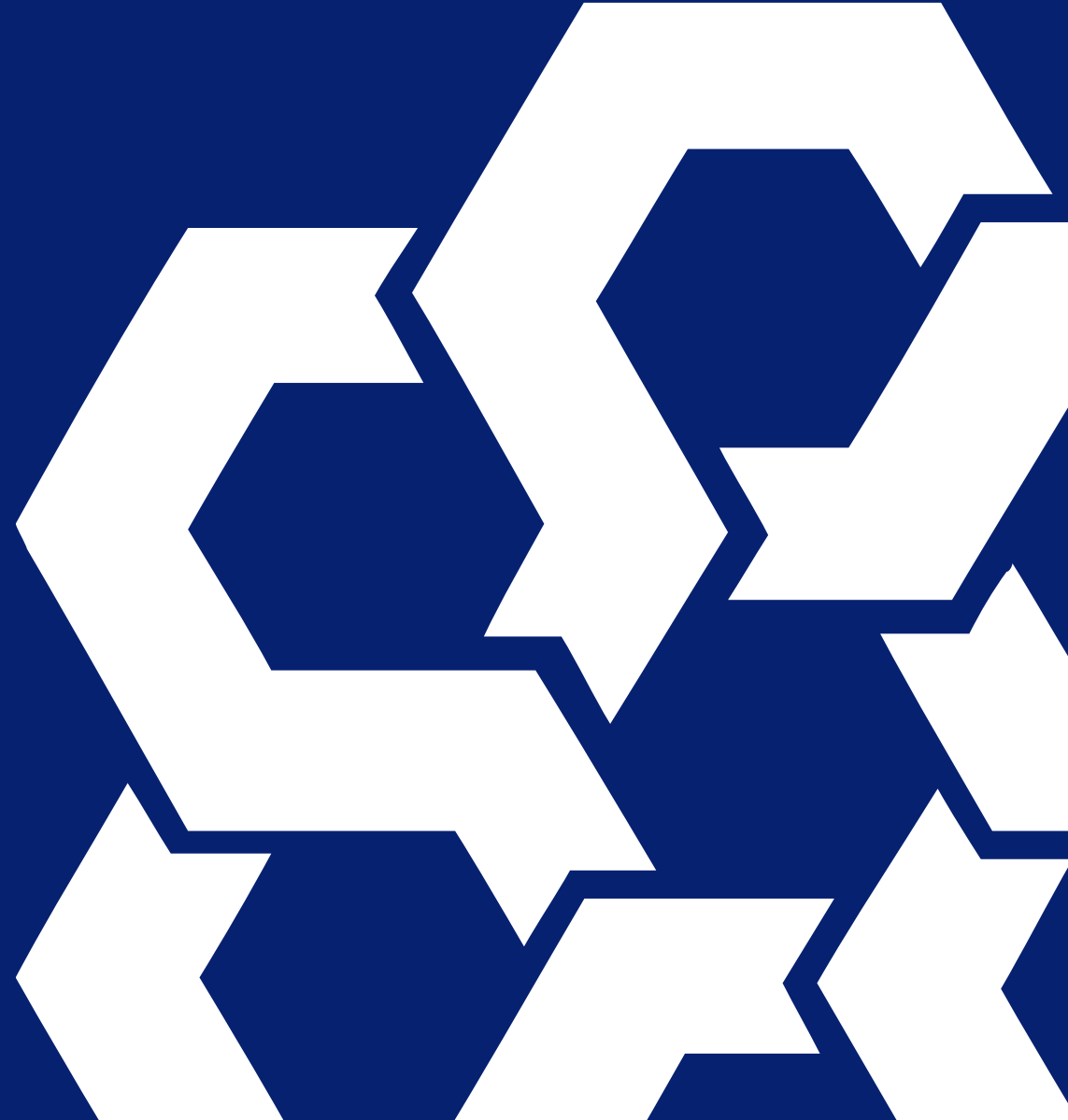
The IASB discussed staff's analysis of that feedback and staff's initial views at its meeting in [June 2025](#) (see Agenda Papers 18–18B for that meeting, summarised in Appendix A of this paper for information purposes only). In particular, the IASB discussed:

- retaining the proposed exemption;
- situations in which the exemption would apply; and
- applying the exemption.

We have consulted on this topic at recent meetings of the [IFRS Interpretations Committee](#) and [Accounting Standards Advisory Forum](#). In those meetings, we also consulted on developing illustrative examples of situations in which an entity can apply the exemption (see slides 13–20 of [Agenda Paper 1A](#) of the Accounting Standards Advisory Forum's October 2025 meeting). We do not have any questions for CMAC members because it only relates to an illustrative example. If you would like to discuss developing illustrative examples in private, please contact the project team.

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## Refining the exemption's scope



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## Breach of statutory legal and regulatory requirements

Agenda Paper 18A to the IASB's June 2025 analyses feedback on the situations in which an entity should be able to apply the exemption. Slide 14 in Appendix A summarises our initial views.

- Respondents said the proposed exemption should cover situations in which disclosure of information would breach statutory legal / regulatory requirements. We understand from respondents that they think the exemption as currently worded might not apply to such situations. This is because the exemption applies only when the achievement of an acquisition-date key objective is prejudiced and compliance with legal and regulatory requirements—often essential for the success of an M&A—would often not be a key objective of an M&A.
- We accept respondents' arguments that compliance with statutory legal and regulatory obligations, while essential for the success of an M&A, might not always be identified as a key objective for that M&A. For example, an entity's only key objective for an M&A might be to increase revenue growth which might be unaffected by financial penalties that might result from failing to comply with laws and regulations. We agree that in this situation, an entity would not be able to apply the exemption as currently drafted. However, in drafting the Exposure Draft we intended—and think the IASB should explore—allowing entities to apply the exemption to situations in which disclosure of information would breach legal / regulatory requirements.
- IASB members were generally aligned with our analysis and initial views and suggested we explore this further.

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## Negative social and operational consequences

- For reasons similar to those discussed in slide 9 in the context of breach of legal and regulatory requirements:
  - respondents said the proposed exemption might not—but should—cover situations that would expose the entity to social or operational risks (including those arising from restructuring initiatives)—for example, disclosing information could lead to the loss of a key supplier or key employees.
  - we suggested the IASB explore refining the exemption to cover such situations mentioned above.
  - while IASB members understood respondents' views, some IASB members requested more examples of negative social and operational consequences that would result from disclosing performance or expected synergy information that would not already be covered by the proposed exemption.

Examples of negative social and operational consequences from recent meetings of the [IFRS Interpretations Committee](#) and [Accounting Standards Advisory Forum](#) included:

- Price-sensitive information
- Information with a negative impact on future M&A
- Information that could result in the repayment of government grants

\* We have not evaluated whether these would already be covered by the proposed exemption / whether they should be covered by the exemption.

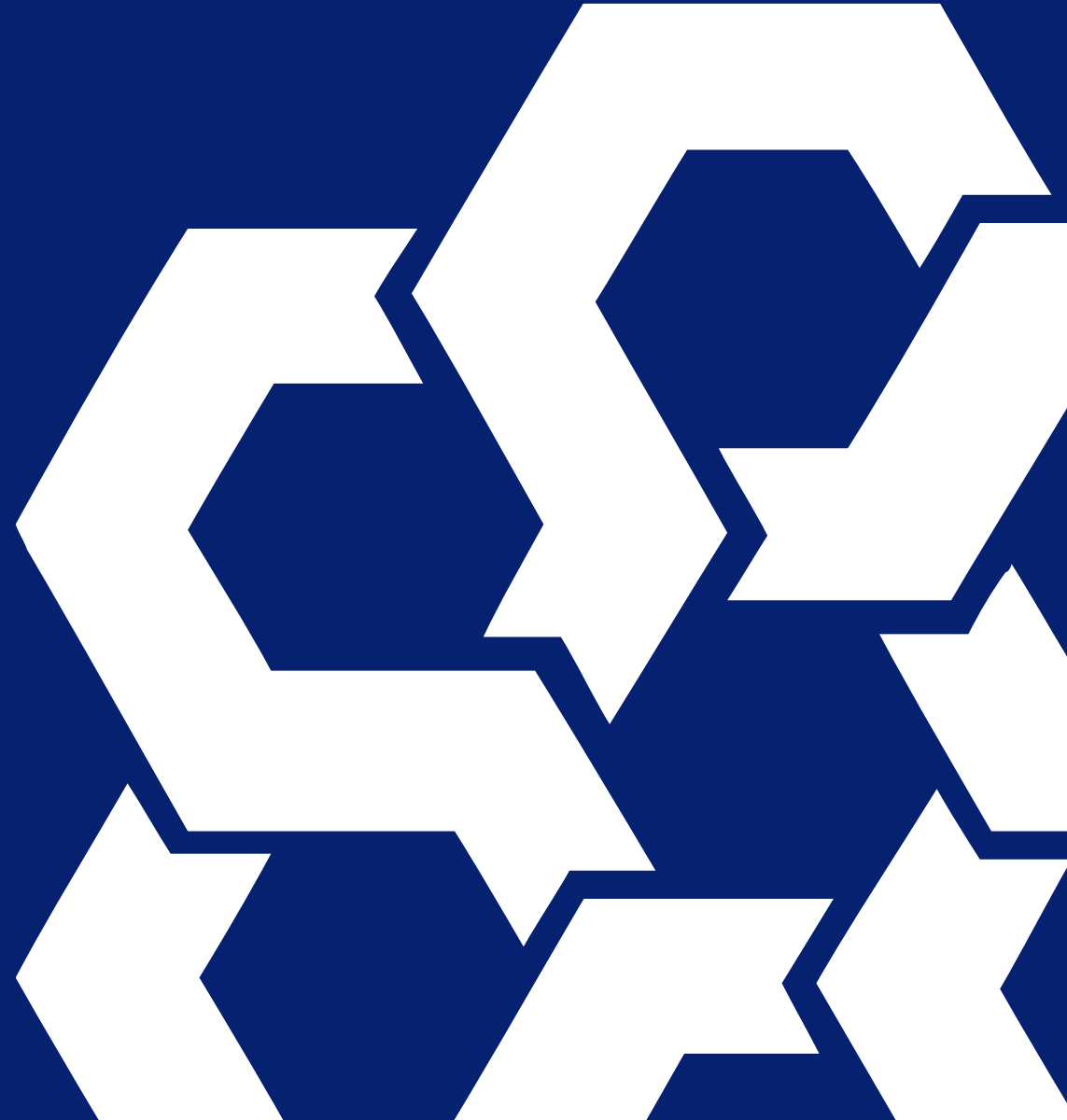
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## Questions

1. Do you think an entity should be exempt from disclosing performance or expected synergy information which would breach statutory legal / regulatory requirements ?
2. Do you think an entity should be exempt from disclosing performance or expected synergy information which would have negative social or operational consequences (such as those suggested on slide 10)?

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## Appendix A—Summary of staff's initial views



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## Staff initial views—Retaining the exemption

This appendix summarises our staff initial views discussed by the IASB at its [June 2025 meeting](#). These views are included for reference only.

As [Agenda Paper 18A](#) to the IASB's June 2025 meeting notes that, in our initial view, the IASB should:

- continue to exempt entities from disclosing some of the information in specific situations;
- not further restrict the exemption.

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## Staff initial views—Situations to which the exemption applies

As Agenda Paper 18A to the IASB's June 2025 meeting notes:

- In our initial view, the IASB should consider refining the scope of the exemption to allow entities to apply the exemption in situations in which disclosing the information could result in:
  - a breach of legal or regulatory requirements; and
  - negative social and operational consequences.
- In our initial view, the IASB should not extend the exemption to cover:
  - situations in which disclosing the information would affect an entity's negotiating position for future M&A (beyond what would already be covered by the proposed exemption);
  - breaches of non-disclosure / confidentiality agreements;
  - litigation risk arising from some situations\*; and
  - other situations suggested by respondents to the Exposure Draft.

\*litigation risk arising from an entity failing to meet its objectives (a) because of factors outside the entity's control or (b) because management did not efficiently or effectively discharge its responsibilities

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## Staff initial views—Applying the exemption

As Agenda Paper 18B to the IASB's June 2025 meeting notes, in our initial view, the IASB should:

- not define the term 'seriously prejudicial';
- not include a statement specifying that the exemption should be used only in 'extremely rare circumstances';
- remove its proposal requiring entities to disclose the reason for applying the exemption;
- retain its proposal requiring entities to reassess at the end of each reporting period whether a key objective or target to which the exemption was previously applied still qualifies for the exemption;
- develop and test examples of situations in which the exemption can be applied; and
- develop and test examples of how an entity might be able to aggregate information and whether to require an entity to disclose the fact that it is disclosing the information in a different way when it applies this proposal\*.

\*We will do this after the IASB has discussed what specific information to require when it redeliberates the proposals for performance and expected synergy information.

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