
Accounting Standards Advisory Forum meeting

Date	October 2025
Project	Business Combinations—Disclosures, Goodwill and Impairment
Topic	Exemption from some disclosure requirements
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Purpose

The purpose of this discussion is to seek ASAF members' views on aspects of the proposed exemption from disclosing some items of information in some situations that was included in the Exposure Draft *Business Combinations—Disclosures Goodwill and Impairment*. In particular, we seek your views on:

- a possible refinement to the scope of the proposed exemption; and
- including examples of situations in which an entity can apply the exemption.

Slides 12 and 17 include the specific questions for ASAF 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 business combinations it would be required for) are similar to what was proposed in the Exposure Draft.

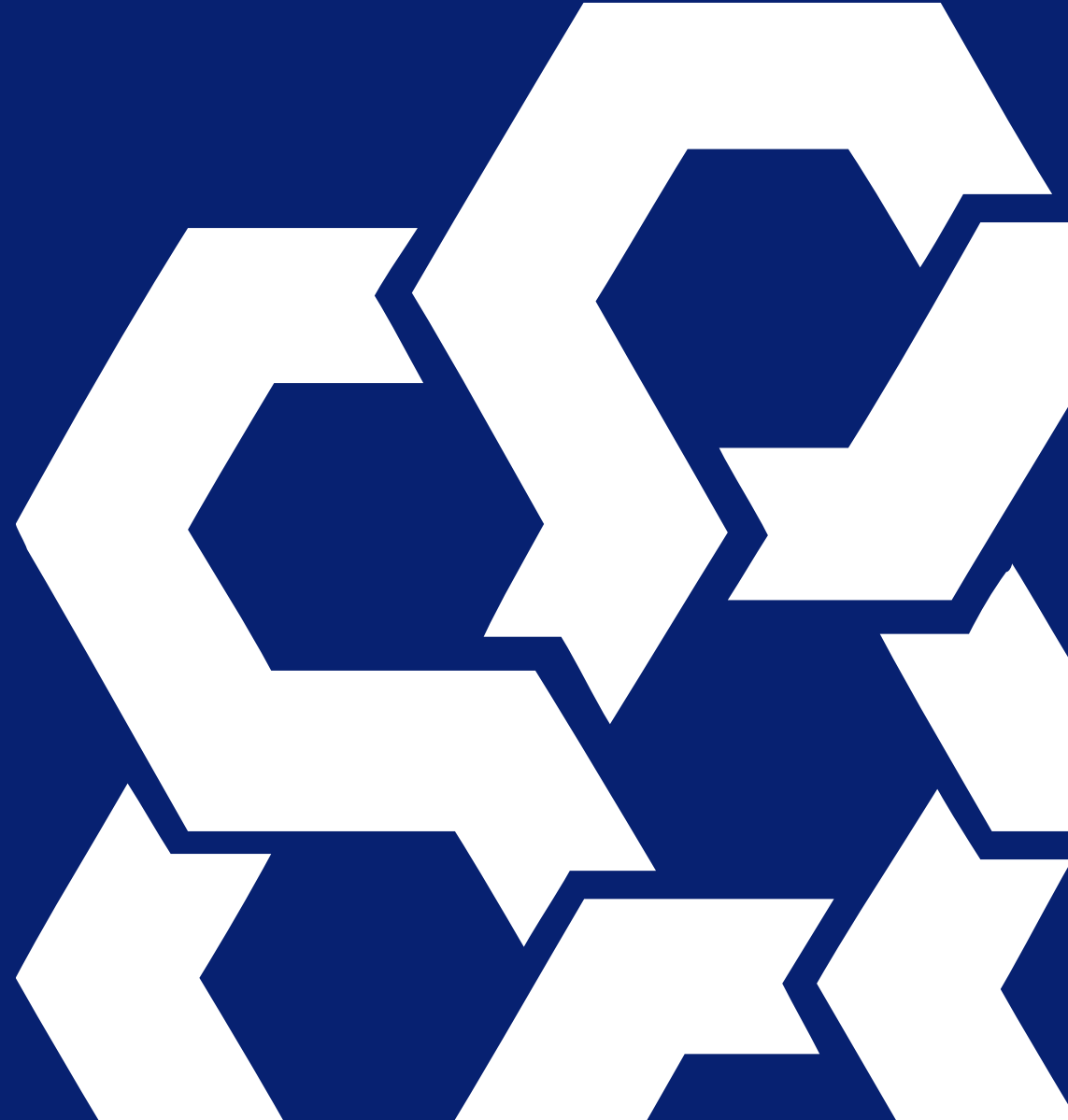
Structure

The slides are structured as follows:

- Background (slides 4–7);
- Topic I – Refining the exemption’s scope (slides 8–12);
- Topic II—Examples of situations in which an entity can apply the exemption (slides 13–17);
- Appendix A—Example applying the exemption to a product launch (slides 18–20); and
- Appendix B—Summary of staff’s initial views (slides 21–24).

Questions for ASAF members: see slides 12 and 17.

Background



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 a business combination

* Paragraph 2 of [Agenda Paper 18](#) of the IASB's June 2025 meeting 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'

Feedback on the proposed exemption

Agenda Paper 18F of the IASB's December 2024 meeting explains feedback on the proposed exemption. 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.

Redeliberation status

The IASB discussed:

- a summary of feedback on the proposed exemption at its meeting in [December 2024](#) (see [Agenda Paper 18F](#) for that meeting).
- 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). In particular, the IASB discussed:
 - retaining the proposed exemption;
 - situations in which the exemption would apply; and
 - applying the exemption.

[Appendix B](#) summarises our initial views that were included in the papers discussed by the IASB at its meeting in June 2025 and has been provided for information purposes only.

Topic I—refining the exemption's scope



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 23 in Appendix B 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 a business combination—would often not be a key objective of a business combination.
- We accept respondents' arguments that compliance with statutory legal and regulatory obligations, while essential for the success of a business combination, might not always be identified as a key objective for that business combination. For example, an entity's only key objective for a business combination 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.

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, 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.

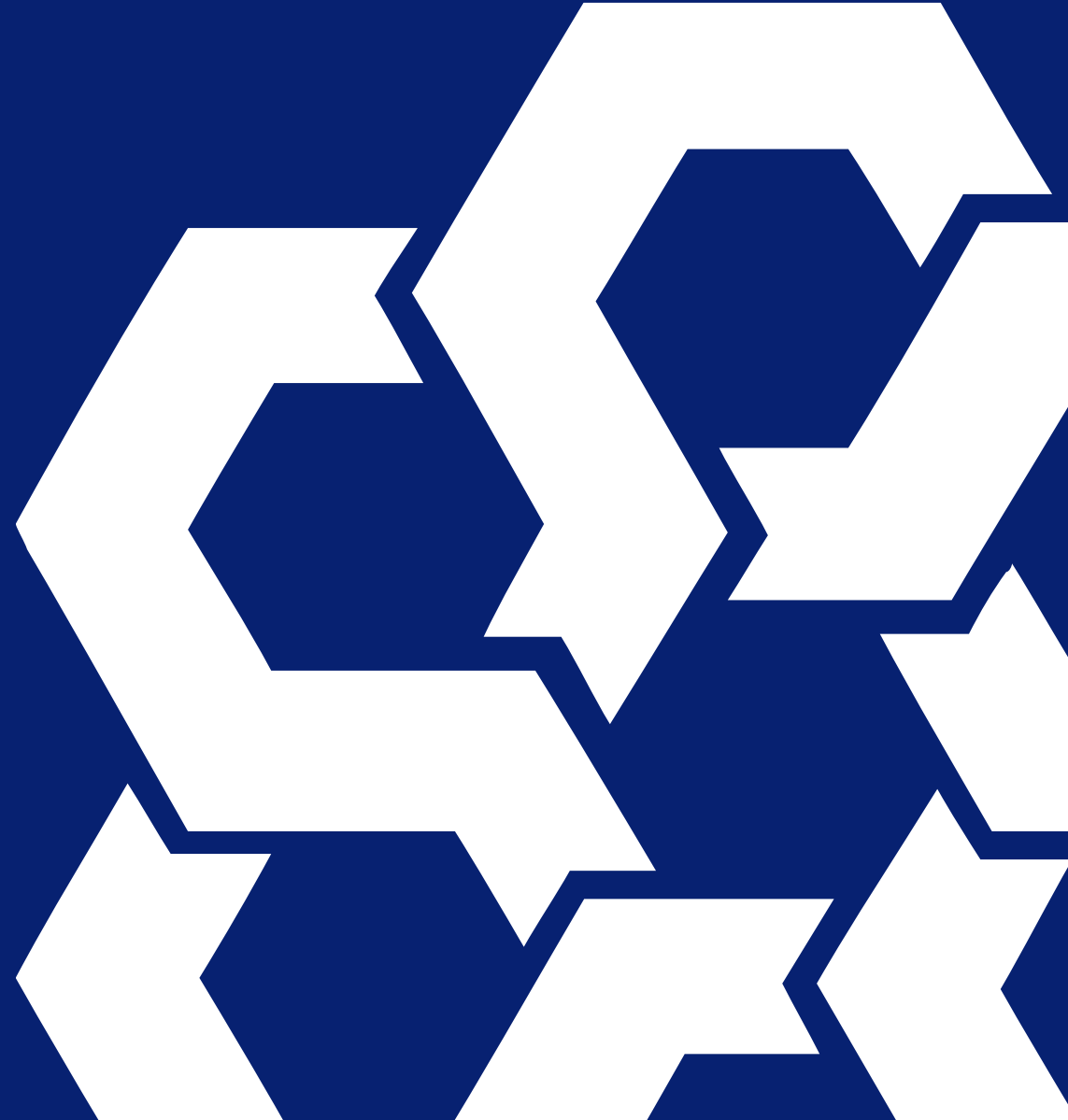
Possible refinement to the wording of the proposed exemption

- The proposed exemption allows an entity to not disclose a specific item of information if doing so can be expected to prejudice seriously ‘the achievement of any of the acquirer’s acquisition-date key objectives for the business combination’.
- We think the wording of the proposed exemption could be refined to more clearly accommodate the situations discussed in slides 9 and 10.
- This could be done by:
 - changing the wording of the exemption to, for example, allow an entity to not disclose some of the required information if doing so can be expected to prejudice seriously ‘the success of a business combination’; and
 - specifying that the achievement of an acquisition-date key objective is one—but not the only—example of the success of a business combination.
- However, some IASB members expressed concerns that such a wording refinement could result in unintentionally expanding the exemption beyond the situations being considered.

Questions

1. Do you have examples of situations in which disclosing performance and expected synergy information would breach statutory legal / regulatory requirements in your jurisdictions?
 - Do you think an entity should be exempt from disclosing information in these situations?
2. Do you have examples of negative social or operational consequences (other than those discussed in Question 1) that would result from disclosing performance and expected synergy information for a business combination that would not already be captured by the exemption?
 - Do you think an entity should be exempt from disclosing information in these situations?
3. Do you have any suggestion to refine the scope of the exemption in a way that would accommodate the examples you have identified in Question 1 and Question 2 without unduly extending the scope to other situations?
 - Do you think our suggestion on slide 11 would effectively address this issue?

Topic II—examples of situations in which an entity can apply the exemption



Examples of situations in which the exemption can be applied

Agenda Paper 18B to the IASB's June 2025 meeting analyses feedback on applying the exemption and requests for illustrative examples. Slide 24 in Appendix B summarises our initial views.

- Respondents suggested listing or illustrating specific situations in which an entity would be able to apply the exemption. A few respondents said doing so could be more useful than providing application guidance highlighting situations in which an entity is unable to apply the exemption.
- We acknowledge feedback requesting examples of specific situations in which an entity can apply the exemption.
- IASB members generally agreed with our initial view to develop and test examples of situations in which the exemption can be applied.

Benefits and costs of developing examples

We acknowledge feedback requesting examples of specific situations in which an entity can apply the exemption and can see how doing so could be beneficial. However, the exemption is by nature designed to be highly entity and fact specific and consequently:

- it would be difficult to develop examples that are generic and relevant enough to apply to a large number of entities across multiple jurisdictions.
- there is a risk of an entity inappropriately analogising the example to its situation without appropriately considering all the relevant facts and circumstances. For example, if we included ‘product launch’ as an example of a situation in which the exemption could apply, it could result in entities applying the exemption every time there is a product launch without fully considering the need for the exemption in that specific situation.
- developing and listing only a few situations/ examples in which an entity can apply the exemption might make it more challenging for entities to apply the exemption in other situations. The examples might be seen as the only allowable situations in which the exemption can be used and could lead to more challenging discussions on why an entity might need to use the exemption in other situations.

Developing examples

We have so far identified only the following situations which might be generic enough to allow us to develop examples:

- product launch; and
- breach of a statutory/ legal requirement.

Appendix A illustrates a possible example related to product launch. It illustrates both a situation in which an entity might be able to apply the exemption and one in which it might not. The example in the appendix includes information we think we can include in an example to help stakeholders apply the exemption.

Any example we may include with the final amendments could differ in content and format from what has been presented here. We are not asking for drafting suggestions on the example.

Questions

1. Considering the benefits and costs of developing examples (see slide 15), do you think we should include examples of situations in which an entity can apply the exemption?
2. Do you have examples of situations for which we can consider developing examples beyond those listed on slide 16 (that is, a product launch and breach of legal/ regulatory requirements)?
3. Do you have comments or suggestions on the example included in [Appendix A](#)?

Appendix A—Example applying the exemption to a product launch



Example applying the exemption to a product launch

Scenario 1—entity might be able to apply the exemption

Entity A acquires a business. Its key objective for the business combination is to leverage the acquiree's research and development work to launch a new unique product in 20X3 that is not currently available in the market. Information about the acquiree's prior research and development work on the new product is not publicly available.

The entity assesses that if it discloses information about its key objective—i.e. to launch the new product in 20X3—a competitor could use that information and develop and launch its own competing product before the entity can do so.

In this situation the entity might be able to use the exemption from disclosing its key objective for the product launch. In particular, in applying proposed paragraph B67D of IFRS 3 (see [Exposure Draft](#)), the entity considers, amongst other things:

- effect of disclosing the information—a competitor could use that information and develop and launch its own competing product before the entity can do so;
- public availability of the information—information about the new product is not publicly available.

The entity would still need to consider other applicable requirements and application guidance (for example, would disclosing the information result in a 'seriously prejudice') before concluding on whether it can use the exemption.

Example applying the exemption to a product launch

Scenario 2—entity might not be able to apply the exemption

Entity A acquires a business. The acquiree is developing a pharmaceutical product that is undergoing public trials. Entity A's key objective from the business combination is to obtain regulatory approval for, and launch, the new product by 20X3.

Information about the acquiree's research and development work and the trials is publicly available. Due to the nature of the R&D, competitors are unlikely to be able to develop, test and gain regulatory approval to launch first.

In this situation, the entity is unlikely to be able to use the exemption from disclosing its key objective for the product launch. In particular, in applying proposed paragraph B67D of IFRS 3 (see [Exposure Draft](#)), the entity considers, amongst other things:

- effect of disclosing the information—competitors are unlikely to be able to develop, test and gain regulatory approval to launch first;
- public availability of the information—information about the new product is publicly available.

Appendix B—Summary of staff's initial views



Staff initial views—Retaining the exemption

Appendix B 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.

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 business combinations (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

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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