

AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

Johannesburg

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Agenda ref 1E

CONTACT

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Reporting Protocol: Annual General Report

Purpose

1. The purpose of this paper is for the Due Process Oversight Committee (DPOC) to consider matters the technical staff are required to report annually to the International Accounting Standards Board (Board) and the DPOC:
 - (a) the receipt of comment letters and their public availability (paragraphs 5–8);
 - (b) the availability of papers to observers (paragraphs 9–11); and
 - (c) the Board’s dialogue with securities and other regulators (paragraphs 12–28).
2. This report is for the year ending 30 September 2018. The Board considered this paper at its (private) administrative meeting in September 2018.
3. No formal action is required to be taken by the DPOC.

Executive Summary

4. The technical staff confirm that:
 - (a) All comment letters received have been posted on the IFRS Foundation’s website.
 - (b) All agenda papers distributed to Board members (or Committee members) for public meetings of the Board (or Committee) were made available on the public website, unaltered. Furthermore, the staff are not aware of any 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 *IFRS Foundation Due Process Handbook (DPH)* states:

Comment letters

- 3.64 Comment letters play a pivotal role in the deliberations process of both the IASB and its Interpretations Committee, because they provide considered and public responses to a formal consultation.
- 3.65 All comment letters received by the IASB 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, a potential breach of securities disclosure laws.

6. In the year to 30 September 2018 the following comment letters were received;

	No. of comment letters
IFRS Foundation	12
Board	507
Committee	106

7. Details of all the comment letters considered during the year are set out in Appendix A of this paper.
8. No comment letter submitter requested confidentiality; consequently, all letters have been posted on the IFRS Foundation's website.

Board papers made available to observers

9. The DPH includes a section explaining the importance of making papers discussed by the Board members available to observers. The DPH states:
- 3.11 All material discussed by IASB 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 IASB Chair, Vice-Chair or a Senior 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 IASB and the Interpretations Committee will be publicly available in their entirety.

- 3.12 The technical staff is required to report to the IASB and the DPOC at least annually on the extent to which material discussed by the IASB or the 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 posted later than 5 working days in advance and the main reasons for doing so.
10. In the year to 30 September 2018, all agenda papers distributed to Board members (or Committee members) for public meetings of the Board (or Committee) were made available on the public website, unaltered. Furthermore, we are not aware of any 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.
11. The staff have reported to the DPOC throughout the year on the late posting of papers for Board meetings (defined in the DPH as later than 5 working days in advance of meetings). Full details of these instances are listed in an Appendix to the *Technical Activities: Key Issues and Update* report at each DPOC meeting.

Securities and other regulators

12. The DPH states:

Securities and other regulators

- 3.54 The IASB is responsible for developing global financial reporting standards that are enforceable. The IASB is also responsible for the content of the IFRS Taxonomy that can support securities regulators in their work on facilitating digital access to general purpose financial reports.
- 3.55 To achieve this it is important that the IASB maintains a dialogue with securities regulators. Such a dialogue is usually undertaken by establishing regular meetings with such regulators. In addition, the Interpretations Committee has the right to invite members of securities regulatory bodies to act as official observers to its meetings.
- 3.56 Financial information prepared in accordance with IFRSs is used by other regulators, including prudential supervisors and taxation authorities. The IASB develops IFRSs to improve the transparency and integrity of financial statements.
- 3.57 The IASB is aware that prudential supervisors rely on financial reports for some of their functions. To assist prudential supervisors, the IASB keeps an enhanced dialogue with such authorities, particularly through the Financial Stability Board and the Bank of International Settlements.

Securities regulators

13. During the year to 30 September 2018, we have maintained a dialogue with securities regulators. In particular, Board and staff members met:
- (a) the International Organization of Securities Commissions (IOSCO) on two days in June 2018 (Madrid).
 - (b) the European Securities and Markets Authority (ESMA) in October 2017, April 2018 and September 2018. We also attended the European Enforcers Coordination Sessions (EECS)¹ in December 2017 and July 2018.
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 updates on particular technical projects, discussions around recently issued Standards and discussion of implementation issues identified by securities regulators. In addition, project technical staff and staff working on implementation issues discuss 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 continue to have regular monthly 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. Focus in the last year was on consistent implementation including, but not limited to, any additional guidance that may be needed to support the reliability of the data tagged using the IFRS taxonomy. In May 2018, the staff together with ESMA staff participated in a one-day workshop organised by XBRL Europe on the proposed Single Electronic Reporting Format in Europe.
16. IOSCO and ESMA are members of the Advisory Council and representatives from each attend each meeting. In addition, IOSCO representatives observe meetings of the Interpretations Committee and the Transition Resource Group (TRG) for IFRS 17 *Insurance Contracts*.

¹ EECS is a permanent ESMA working group of accounting enforcers, ensuring supervisory convergence related to the enforcement of financial information prepared in accordance with IFRS Standards.

17. In July 2018 the Board appointed ESMA and IOSCO as observers to the Management Commentary Consultative Group.

Prudential regulators

18. We maintain regular dialogue with prudential regulators. Our interaction with prudential regulators is at both a policy level and at a project level.
19. At the policy level, Hans Hoogervorst is a member of the Financial Stability Board (FSB) and attends these meetings. We provide the FSB with periodic updates on the progress of our projects, with particular focus on accounting for insurance contracts.
20. At a project level, we participated in two multi-day workshops for banking regulators run by the World Bank focussing on IFRS 9 *Financial Instruments* and IFRS 17 and supporting financial stability. The workshops were attended by Board members and staff.
21. In February 2018, Sue Lloyd presented at a conference in Singapore jointly organised by the Basel Committee on Banking Supervision (BCBS), the Financial Stability Institute (FSI), and the Executives' Meeting of East Asia-Pacific Central Banks Working Group on Banking Supervision (EMEAP WGBS) on IFRS 9 impairment.
22. In June 2018, Kumar Dasgupta (Technical Director) provided an update to members of the European Single Supervisory Mechanism, at a seminar in Madrid organised by Banco de España, on IFRS 9.
23. Also at a project level, we have regular dialogue with the Basel Accounting Expert Group (Basel AEG), which is a sub-committee of the BCBS. There was one bilateral meeting with the Basel AEG during the period in July 2018.
24. Twice a year there is a forum meeting between representatives of the Board, the Basel AEG 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 2017 and May 2018.

25. A representative of the Basel AEG is an observer on the Interpretations Committee. The International Association of Insurance Supervisors (IAIS) and Basel are members of the Advisory Council.
26. In addition to these international initiatives, we also have interaction with prudential regulators at a national and regional level.
27. In relation to insurance and interactions with regulators, we maintain regular dialogue with staff at the Accounting and Auditing Working Group of IAIS, the European Insurance and Occupational Pensions Authority (EIOPA), and ESMA. We presented on IFRS 17 at an IAIS conference and an IAIS representative observes meetings of the TRG for IFRS 17.
28. In addition, we have held discussions with insurance regulators at a national level including from Canada, China, Germany, Hong Kong, Japan and China.

Appendix A Comment letters received

- A1. In the 12 months to 30 September 2018, the project teams have considered comment letters in relation to the following projects:

Project	Due Process Stage	No.
International Accounting Standards Board		
Accounting Policy Changes (Proposed amendments to IAS 8)	Exposure Draft	104
Accounting Policies and Accounting Estimates (Proposed amendments to IAS 8)	Exposure Draft	82
Definition of Material (Proposed amendments to IAS 1 and IAS 8)	Exposure Draft	71
Disclosure Initiative—Principles of Disclosure	Discussion Paper	108
IFRS Taxonomy 2017—Annual Improvements	Proposed IFRS Taxonomy Update	1 (discussed with ITCG ² in October 2017)
IFRS Taxonomy 2017—Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Proposed IFRS Taxonomy Update	2 (discussed with ITCG in September 2017)
Post-implementation Review—IFRS 13 Fair Value Measurement	Request for Information	67
Property, Plant and Equipment—Proceeds before intended use (Proposed amendments to IAS 16)	Exposure Draft	72
IFRS Foundation		
Amending the Terms of Appointment for the IFRS Foundation Trustee Chair and Vice-Chairs	Exposure Draft	12

- A2. In the year to 30 September 2018, the Interpretations Committee also received 106 comment letters on 11 tentative agenda decisions. Comment letters were received on each tentative agenda decision; the lowest number of comment letters received was 5, and the highest number received was 40.

² IFRS Taxonomy Consultative Group (ITCG) is a consultative group to help provide a technical advisory and review forum in which members can contribute towards the development of the IFRS Taxonomy.