STAFF PAPER

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IASB® meeting

Project	**Management Commentary**
Paper topic	Status of the Practice Statement and procedures for issuing management commentary

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Purpose of this paper

1 To date, the Board has discussed:

(a) the objective of management commentary;

(b) the characteristics of useful information in management commentary; and

(c) disclosure objectives and possible supporting guidance for all areas of content: business model; strategy; resources and relationships; risks; external environment; and performance and position.

2 The purpose of this paper is to discuss the status of IFRS Practice Statement 1 *Management Commentary* (Practice Statement) and the procedures for issuing management commentary. In particular, this paper discusses and asks the Board for decisions on:

(a) the status of the revised Practice Statement; and

(b) whether the revised Practice Statement should require that management commentary:

(i) includes a statement of compliance with the Practice Statement;

(ii) identifies the financial statements to which management commentary relates and is distinguished from other information presented by the entity;

(iii) specifies the date of management commentary; and

(iv) specifies who authorised management commentary for issue.

3 At a future Board meeting, the staff plan:

(a) to ask the Board to review likely effects of the Board's proposals and to consider whether those proposals taken as a whole sufficiently and appropriately address topics of particular interest to the Board's stakeholders (for example, environmental, social and governance matters and intangible resources and relationships); and

(b) to seek the Board's permission to begin the balloting process for the Exposure Draft.

Structure of this paper

4 This paper is structured as follows:

(a) status of the Practice Statement:

(i) the existing Practice Statement (paragraphs 6–7);

(ii) feedback from the Board's Management Commentary Consultative Group (Consultative Group) (paragraph 8); and

(iii) staff analysis and recommendation (paragraphs 9–14);

(b) compliance with the Practice Statement:

(i) the existing Practice Statement (paragraphs 15–16);

(ii) requirements on compliance for financial statements (paragraph 17);

(iii) feedback from the Consultative Group (paragraphs 18–22); and

(iv) staff analysis and recommendation (paragraphs 23–31);

(c) identifying management commentary:

(i) the existing Practice Statement (paragraph 32–33);

(ii) requirements on identification of financial statements (paragraph 34); and

(iii) staff analysis and recommendation (paragraphs 35–39);[1]

(d) date of management commentary:

(i) the existing Practice Statement (paragraph 40);

(ii) requirements on date of authorisation for issue of financial statements (paragraphs 41–43);

(iii) feedback from the Consultative Group (paragraphs 44–46); and

(iv) staff analysis and recommendation (paragraphs 47–54); and

(e) authorising management commentary for issue:

(i) the existing Practice Statement (paragraph 55);

(ii) requirements on authorising financial statements for issue (paragraph 56);

(iii) feedback from the Consultative Group (paragraphs 57–60); and

(iv) staff analysis and recommendation (paragraphs 61–67).

Summary of staff recommendations

5 The staff recommend that the revised Practice Statement should:

(a) retain the existing status of the Practice Statement as follows:

(i) the Practice Statement is a non-binding framework for the preparation of management commentary;

(ii) the Practice Statement is not an IFRS Standard; and

(iii) entities can state that their financial statements comply with IFRS Standards without preparing a management commentary that complies with the Practice Statement;

(b) require management commentary:

(i) to include an unqualified statement of compliance with the Practice Statement if it complies with all the requirements in the Practice Statement; and

[1] The staff did not discuss identification of management commentary with the Consultative Group.

(ii) to explain which requirements it does not comply with if it does not comply with all the requirements in the Practice Statement;

(c) include the following requirements on the identification of management commentary:

(i) an entity should either make the financial statements to which management commentary relates available with the management commentary or identify them in the management commentary; and

(ii) an entity should clearly identify what information constitutes its management commentary and distinguish it from other information either in the same report or from information in other reports;

(d) require an entity to specify the date when its management commentary was authorised for issue;

(e) require an entity to reflect in its management commentary material information about events that occurred after the end of the reporting period and before the date when the management commentary was authorised for issue; and

(f) require an entity to identify the individual(s) or the body(s) who authorised management commentary for issue.

Status of the Practice Statement

The existing Practice Statement

6 The introduction to the existing Practice Statement states: [2]

(a) the Practice Statement is a non-binding framework for the presentation of management commentary;

(b) the Practice Statement is not an IFRS Standard; and

(c) entities can state that their financial statements comply with IFRS Standards without preparing a management commentary that complies with the Practice Statement.

[2] Paragraphs IN1–IN2 of the Practice Statement.

7 In the Basis for Conclusions, the Board stated that it had decided to provide guidance on the content of management commentary in the form of a non-binding practice statement, rather than an IFRS Standard, because it was of the view that it is up to individual jurisdictions to make their own judgments on whether:

(a) entities should be required to present management commentary in addition to their IFRS financial statements; and

(b) presenting management commentary prepared in accordance with the Practice Statement is necessary to assert that the entity's financial statements comply with IFRS Standards.[3]

Feedback from the Consultative Croup

8 During meetings of the Consultative Group, there was no specific request for feedback on the status of the Practice Statement. Nevertheless, some members, especially standard-setters, expressed a preference for the Practice Statement to become mandatory, at least as a future aspiration that might be achieved in stages. However, most members recognised that mandating the Practice Statement would be a challenge in the short term.

Staff analysis and recommendation

9 The staff have identified three options for the Board to consider when deciding on the status of the revised Practice Statement. These options are:

(a) Option 1: make the revised Practice Statement mandatory, but only if the entity is required to or elects to present management commentary accompanying financial statements that are prepared in accordance with IFRS Standards. In such cases, the entity would be required to prepare its management commentary in accordance with the revised Practice Statement.

(b) Option 2: make the revised Practice Statement mandatory in all cases when an entity presents financial statements that are prepared in accordance with IFRS Standards. That is, for an entity's financial statements to comply with IFRS

[3] Paragraph BC16 of the Practice Statement.

Standards, an entity would need to present management commentary prepared in accordance with the Practice Statement.

(c) Option 3: retain the existing status of the Practice Statement as non-mandatory.

10 The staff do not recommend Option 1 and Option 2 because:

(a) many jurisdictions have their own local requirements or guidance related to preparation of management commentary or a similar report; and

(b) issuing the Practice Statement as a mandatory document could create a barrier to a jurisdiction's continued adoption of IFRS Standards if the jurisdiction does not choose to adopt the revised Practice Statement.

11 An additional reason for rejecting Option 2 is the rationale for the decision the Board made when it originally issued the Practice Statement. At that time, the Board decided to provide guidance on management commentary in the form of a non-binding practice statement, rather than an IFRS Standard, because it was of the view that it is up to individual jurisdictions to make their own judgement on whether entities should be required to present management commentary in addition to their IFRS financial statements and on whether presenting management commentary prepared in accordance with the Practice Statement is necessary to assert that the entity's financial statements comply with IFRS Standards (see paragraph 7).

12 As a result, the staff think the Practice Statement should remain a non-mandatory document and that entities should be not required to comply with the Practice Statement, unless this is specifically required by their jurisdiction. Hence, entities can state that their financial statements comply with IFRS Standards even if those entities have not complied with the Practice Statement in preparing their management commentary or have not provided any management commentary.

13 Even if the Practice Statement retains its status of a non-binding framework, entities might be able to use it alongside the requirements in their jurisdiction, for example, to help them meet high-level regulatory requirements in their jurisdictions if the Practice Statement does not contradict those requirements.

14 Therefore, the staff recommend Option 3, that is, that the Board retains the existing non-binding status of the Practice Statement. Consequently, the Board would leave it to individual jurisdictions to make their judgements on whether entities should be required to comply with the Practice Statement.

Question 1 for the Board
The staff recommend that the revised Practice Statement should retain the existing status as follows: (a) the Practice Statement is a non-binding framework for the preparation of management commentary; (b) the Practice Statement is not an IFRS Standard; and (c) entities can state that their financial statements comply with IFRS Standards without preparing a management commentary that complies with the Practice Statement. Do you agree with this recommendation?

Compliance with the Practice Statement

The existing Practice Statement

15 The existing Practice Statement states that an entity can assert that its management commentary complies with the Practice Statement only if it complies with the Practice Statement in its entirety.[4] Moreover, if a management commentary does not comply with the Practice Statement in its entirety, then it should explain the extent to which the Practice Statement has been followed.

16 In the Basis for Conclusions, the Board expressed the view that preparers should not be required to include a formal confirmation that they have complied with the Practice Statement, because the Practice Statement is not binding. However, it did agree that it would be helpful if preparers included in management commentary an explanation of the extent to which the Practice Statement has been followed. The Board also concluded that it would be misleading if preparers were to assert compliance with the Practice Statement if they did not comply with the Practice Statement in its entirety.[5]

Requirements on compliance for financial statements

[4] Paragraph 7 of the Practice Statement.
[5] Paragraph BC21 of the Practice Statement.

17 IAS 1 *Presentation of Financial Statements* states that:

(a) an entity whose financial statements comply with IFRS Standards should make an explicit and unreserved statement of such compliance in the notes; and

(b) an entity should not describe financial statements as complying with IFRS Standards unless they comply with all the requirements of the Standards.[6]

Feedback from the Consultative Group

18 The staff discussed with the Consultative Group whether the revised Practice Statement should require a management commentary to state that it has been prepared in accordance with the Practice Statement, that is, include a statement of compliance, where the Practice Statement has been complied with in its entirety.

19 Generally, members expressed the view that an entity should not state compliance with the Practice Statement if an entity has not complied with all aspects of the Practice Statement. However, members expressed mixed views on whether an entity should be required to state compliance when it has complied with all aspects of the Practice Statement.

20 Members who supported requiring a statement of compliance gave the following reasons:

(a) it would be useful to know when the Practice Statement has been complied with;

(b) the statement of compliance makes management commentaries more credible, even if the management commentary is not subject to external assurance; and

(c) a requirement for a statement of compliance to be included would be helpful for those jurisdictions that consider mandating the revised Practice Statement or requiring the management commentary to be subject to external assurance.

21 However, some members raised concerns about requiring a statement of compliance. Those members were concerned that such a requirement:

[6] Paragraph 16 of IAS 1.

(a) could create a barrier to voluntary adoption of the Practice Statement by entities, rather than encourage its adoption, because it may be seen as a high hurdle;

(b) could lead to a potential conflict with existing laws and regulations for reporting in various jurisdictions;

(c) could create a risk of boilerplate information as some believe may have happened in the case of statements of compliance required in some jurisdictions;

(d) may not result in useful information being provided to investors and creditors if management commentary is not subject to external assurance; and

(e) could be difficult to enforce due to the subjectivity of some of the content in a management commentary.

22 Some members suggested that in deciding whether to require a statement of compliance, the Board should consider whether its intention is to:

(a) promote the highest standard of reporting by setting a high hurdle, in the form of the statement of compliance, and using that statement to convey information that an entity's management commentary achieves that high hurdle;

(b) encourage application of the Practice Statement on a voluntary and possibly partial basis to help as many companies as possible improve their reporting; or

(c) inform the reader of the basis of preparation of the management commentary.

Staff analysis and recommendation

23 If the Board agrees with the staff recommendation in question 1, the Practice Statement will remain non-mandatory. If an entity voluntarily chooses to apply the Practice Statement or is required by its jurisdiction to apply the Practice Statement in preparing the management commentary, it would be useful for investors and creditors to know whether the entity's management commentary complies with the requirements in the Practice Statement.

24 Accordingly, the staff think that it is important for the revised Practice Statement to retain the requirement that entities can make an unqualified statement of compliance only if that management commentary complies with all the requirements in the Practice Statement. In any other cases an unqualified statement of compliance would be misleading and therefore, in the staff's view, should not be permitted.

25 Based on the Board's tentative decisions made to date, entities would be able to make an unqualified statement of compliance with the Practice Statement only if their management commentary meets all of the following requirements:

(a) it meets the overall objective of management commentary;

(b) the information provided possesses the characteristics of useful information; and

(c) the information provided meets the disclosure objectives for the main areas of content.

26 The staff also considered whether any further requirements related to a statement of compliance should be included in the revised Practice Statement, and if so, what those requirements should be. The staff have identified three options for the Board to consider:

(a) Option 1: require entities to include an explicit and unqualified statement of compliance if their management commentary complies with all the requirements in the Practice Statement and prohibit any statement on compliance unless the entity has fully complied with the requirements in the Practice Statement. This approach is similar to the approach used in IAS 1 for the presentation of financial statements (see paragraph 17).

(b) Option 2: require entities to include an unqualified statement of compliance if their management commentary complies with all the requirements in the Practice Statement. If the management commentary does not comply with some requirements, require an entity to explain which requirements it has not complied with. This option is based on the existing approach in the Practice Statement which specifies that entities should explain the extent to which the Practice Statement has been followed (see paragraphs 15–16).

(c) Option 3: include no further requirements other than permitting an unqualified statement of compliance only if the management commentary complies with all the requirements in the Practice Statement. This option would leave it to management to choose whether and how to comment on compliance with the Practice Statement in management commentary. It would neither require an unqualified statement of compliance if the management commentary complies with all the requirements in the Practice Statement, nor prohibit some kind of statement of partial compliance if the management commentary does not comply with all the requirements.

27 The staff think that in selecting an option the Board should consider which option would:

(a) provide clarity about the basis of preparation;

(b) encourage adoption of the revised Practice Statement;

(c) work well in conjunction with local reporting requirements; and

(d) help make management commentary more credible.

28 Option 1 would mean that entities would be required to include a statement of compliance in management commentary and that they would only be able to do so if they comply with all the requirements in the Practice Statement. As noted in paragraph 21, feedback from the Consultative Group suggests that such a requirement would set a high hurdle for reporting and this could create a barrier to adoption of the revised Practice Statement. For example, some entities may want to adopt the Practice Statement to improve the quality or credibility of information in their management commentary but may not be able to comply with particular requirements in the Practice Statement because of a conflict with local requirements or because they need more time to work towards full compliance. Under Option 1, they would be prevented from stating that the Practice Statement, with some exceptions, is the basis of preparation of their management commentary, and it may discourage them from applying the Practice Statement. For this reason, the staff do not recommend Option 1.

29 Both Option 2 and Option 3 would allow an entity to comply with some but not all of the requirements of the Practice Statement and to explain the extent to which it has complied

with the Practice Statement in the management commentary. The staff think that the option to state partial compliance could help encourage entities to apply the revised Practice Statement voluntarily. Option 2 would also provide clear and specific requirements for making both full and partial statements of compliance, so would lead to better disclosure of the basis of preparation and hence improve the usefulness of information in management commentary as a whole. Conversely, Option 3 would not specify how to provide a partial statement of compliance, which could result in entities making unclear and potentially misleading statements such as a statement that their management commentary substantially complies with the Practice Statement.

30 In addition, the staff think that a requirement for management commentary to include a statement of full or partial compliance with the Practice Statement and hence identify the Practice Statement as a basis of preparation would:

(a) result in useful information for readers of management commentary; and

(b) be helpful if management commentary is subject to external assurance and support adoption of the Practice Statement by national regulators.

31 For the reasons discussed in paragraphs 28–30, the staff recommend that the Board adopts Option 2.

Question 2 for the Board
The staff recommend that the revised Practice Statement should require management commentary: (a) to include an unqualified statement of compliance with the Practice Statement if it complies with all the requirements in the Practice Statement; and (b) explain which requirements it does not comply with if it does not comply with all the requirements in the Practice Statement. Do you agree with this recommendation?

Identifying management commentary

The existing Practice Statement

32 The existing Practice Statement:

(a) states that when management commentary relates to financial statements, an entity should either make the financial statements available with the management commentary or identify in the management commentary the financial statements to which it relates; and

(b) requires an entity to clearly identify its management commentary and distinguish it from other information.[7]

33 In the Basis for Conclusions, the Board expressed the view that it is important for users of the financial reports to be able to distinguish information contained in the reports prepared using the Practice Statement from information that is prepared using IFRS Standards and from information that may be useful to users but is the subject of neither the Practice Statement nor the requirements in IFRS Standards.[8]

Requirements on identification of financial statements

34 IAS 1 states that an entity shall clearly identify the financial statements and distinguish them from other information published in the same published document.[9]

Staff analysis and recommendation

35 The positioning of management commentary relative to the financial statements varies among jurisdictions that require management commentary. In some jurisdictions, management commentary accompanies annual financial statements in a printed report or in a single electronic document. In others, management commentary is contained within separate annual regulatory filings.

36 The objective of management commentary is to enhance the understanding of an entity's performance and position that investors and creditors gain from its financial statements, and to provide information that provides insight into factors that could affect the entity's

[7] Paragraphs 5–6 of the Practice Statement.
[8] Paragraphs BC18–BC21 of the Practice Statement.
[9] Paragraph 49 of IAS 1.

prospects for future cash flows. Therefore, regardless of how an entity positions its management commentary relative to its financial statements, the staff think that it is important for an entity to identify in the management commentary which financial statements it relates to. This would support investors' and creditors' understanding of information included in the related financial statements and also of the information included in the management commentary.

37 An entity's management commentary might be a standalone document or part of a larger report. To allow users to distinguish the management commentary from all other information, the staff think that an entity should clearly identify what information constitutes its management commentary and distinguish it from other information either in the same report or from information in other reports.

38 Clearly identifying the boundaries of the management commentary can be expected to make management commentary clearer and more understandable. This can also be helpful if management commentary is subject to external assurance but other information accompanying the management commentary, in the same report or separately, is not subject to external assurance or is subject to a different level of assurance.

39 For the reasons in paragraphs 36–38, the staff recommend that the revised Practice Statement should require an entity:

(a) to either make the financial statements to which management commentary relates available with the management commentary or to identify them in the management commentary; and

(b) to identify what information constitutes its management commentary and to distinguish it from other information either in the same report or from information in other reports.

Question 3 for the Board
The staff recommend that the revised Practice Statement should include the following requirements on the identification of management commentary: (a) an entity should either make the financial statements to which management commentary relates available with the management commentary or identify them in the management commentary; and (b) an entity should clearly identify what information constitutes its management commentary and distinguish it from other information either in the same report or from information in other reports. Do you agree with these recommendations?

Date of management commentary

The existing Practice Statement

40 The existing Practice Statement does not have any requirement for an entity to provide the authorisation date of its management commentary.

Requirements on date of authorisation for issue of financial statements

41 IAS 10 *Events after the Reporting Period* states that an entity shall disclose the date when the financial statements were authorised for issue because the financial statements do not reflect events after this date.[10]

42 IAS 10 distinguishes between:

(a) adjusting events after the reporting period—those that provide evidence of conditions that existed at the end of the reporting period; and

(b) non-adjusting events after the reporting period—those that are indictive of conditions that arose after the reporting period.[11]

43 It requires entities to:

(a) adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting period and update related disclosures; and

[10] Paragraph 17 of IAS 10.
[11] Paragraph 3 of IAS 10.

(b) disclose the nature and an estimate of financial effect (if possible) for each material category of non-adjusting events.[12]

Feedback from the Consultative Group

44 The staff discussed with the Consultative Group whether the revised Practice Statement should require management commentary to state the date of its authorisation.

45 Overall members supported the idea that management commentary should include the date of its authorisation so that the cut-off date is clear to users. Some members were of the view that management commentary and financial statements should have the same date of authorisation because management commentary provides context for the related financial statements.

46 However, a few members questioned what the implications would be if further information came to light in cases when management commentary is authorised for issue on a later date that than the date when the related financial statements were authorised for issue. One member suggested that an approach similar to that in IAS 10 would be suitable for management commentary.

Staff analysis and recommendation

47 The staff think that the Board should not assume or prescribe that the date of authorisation of the management commentary is the same as that for the financial statements because the process involved in authorising these documents will vary depending upon statutory requirements in various jurisdictions and the entity's procedures.

48 Accordingly, the staff recommend that the Board requires entities to specify the date when management commentary was authorised for issue. It is important for investors and creditors to know that date because management commentary does not reflect events after this date.

49 Management commentary provides context for an entity's financial statements, so it would cover the same reporting period as the financial statements. It would also need to reflect and explain the nature and effect of adjusting and non-adjusting events after the reporting period reflected in the financial statements (see paragraph 46) if that information

[12] Paragraphs 8, 19 and 21 of IAS 10.

is material in the context of the management commentary. Information about events after the reporting period could be material in the context of the management commentary if the information relates to matters that have been identified as key matters in the main areas of content, that is, if they could fundamentally affect the entity's ability to create value and generate cash flows.[13]

50 In addition, management commentary may also need to provide material information about events after the reporting period that are not reflected in the related financial statements. This is because the objective of management commentary is broader than the objective of financial statements.

51 It may be unreasonable and unpracticable to require management to accumulate actively the detailed data that would be needed to update all information provided management commentary to reflect all events occurring after the reporting period, especially as some of those events may occur very close to the date of authorising management commentary. Instead, the staff think that management should review events occurring after the reporting period that relate to key matters and if information about them is material in the context of the management commentary, provide that information in management commentary. This is because material information about such events could affect economic decisions that investors and creditors make on the basis of the management commentary and the related financial statements.

52 As discussed in paragraph 47, management commentary and financial statements may have different authorisation dates. The staff think that in such cases management would need to review the events occurring in the intervening period and consider whether information about those events should be distinguished from information about other events that occurred after the end of the reporting period to make it clear to investors and creditors that those events are not reflected in the financial statements.

[13] Based on the Board's tentative decisions to date, management commentary would need to discuss as key matters key features of the entity's business model, key aspects of management's strategy, key resources and relationships, key risks, key trends and factors in the external environment or key facets of performance and position

53 In summary, the staff think that management commentary:

(a) should cover the same reporting period as the financial statements which it relates to;

(b) should reflect information about events occurring after the reporting period that are reflected in the financial statements if that information relates to key matters and is material in the context of management commentary; and

(c) should reflect information about events occurring after the reporting period that are not reflected in the related financial statements, including those events that occurred after the date of authorisation of financial statements but before the date of authorisation of management commentary, if that information relates to key matters and is material in the context of management commentary.

54 To conclude, the staff recommend the revised Practice Statement should require an entity:

(a) to specify the date when its management commentary was authorised for issue; and

(b) to reflect in its management commentary material information about events that occurred after the end of the reporting period and before the date when the management commentary was authorised for issue.

Question 4 for the Board
The staff recommend that the revised Practice Statement should require an entity: (a) to specify the date when its management commentary was authorized for issue; and (b) to reflect in its management commentary material information about events that occurred after the end of the reporting period and before the date when the management commentary was authorised for issue. Do you agree with these recommendations?

Authorising management commentary for issue

The existing Practice Statement

55 The existing Practice Statement does not have any requirement for an entity to identify the individual(s) or the body(s) that authorised the management commentary for issue.

Requirements on authorising financial statements for issue

56 IAS 10 states that entities should disclose information about who authorised financial statements for issue.[14]

Feedback from the Consultative Group

57 The staff discussed with the Consultative Group whether the revised Practice Statement should require management commentary to state the individual(s) or the body(s) that authorised the management commentary for issue.

58 Overall, members expressed the view that the management commentary should identify the individual(s) or body(s) that authorised the management commentary for issue so that it is clear to users who authorised its issue. Some members of the Consultative Group expressed the view that the management commentary should be authorised for issue by the same individual(s) or body(s) as those that authorised the issue of related financial statements. This is because management commentary provides context and helps investors and creditors understand the related financial statements.

59 In addition, the staff discussed with the Consultative Group whether the revised Practice Statement should also require:

(a) a statement of responsibility for the management commentary;

(b) a description of the integrity or governance of the process applied in preparing the management commentary; or

(c) a conclusion that the management commentary meets particular objectives.

60 The feedback from the Consultative Group on including such requirements in the revised Practice Statement was largely negative, with none of the alternatives receiving strong support. Some members noted practical problems with complying with such requirements. Others said that they could be a barrier to the adoption because they could conflict with local reporting requirements.

[14] Paragraph 17 of IAS 10.

Staff analysis and recommendation

61 The staff think that the Board should not assume or prescribe that the individual(s) or body(s) that authorise the management commentary are the same as those for the financial statements because the process involved in authorising these documents will vary depending upon statutory requirements in various jurisdictions and the entity's procedures.

62 The staff observe that it is common for national regulations to require a statement of authorisation of the management commentary for issue, which would identify the individual(s) or body(s) that authorised the management commentary. As noted in paragraph 58, the Consultative Group also indicated that such information would be useful to investors and creditors. Accordingly, the staff recommend that the Board requires entities to identify the individual(s) or the body(s) who authorised management commentary for issue.

63 The staff also considered whether the revised Practice Statement should include any of the requirements in paragraph 59, that is:

(a) a statement of responsibility for the management commentary;

(b) a description of the integrity or governance of the process applied in preparing the management commentary; or

(c) a conclusion that the management commentary meets particular objectives.

64 The staff observe that jurisdictions have various requirements on what type of statement should be included in management commentary and that those requirements differ in the scope or specifics. Therefore, the staff think that including in the revised Practice Statement further requirements in addition to the requirement to specify who authorised the management commentary for issue could create practical difficulties for entities that would also need to comply with local requirements and could also lead to different interpretations by investors and creditors.

65 Additionally, the feedback from the Consultative Group on these requirements was also largely negative (see paragraph 60).

66 Therefore, the staff think that requirements in paragraph 63 are best dealt with at a jurisdictional level, and therefore do not recommend including such requirements in the Practice Statement.

67 In conclusion, the staff recommend only that the revised Practice Statement should require identification of the individual(s) or the body(s) who authorised the management commentary for issue.

Question 5 for the Board
The staff recommend that the revised Practice Statement should require an entity to identify the individual(s) or the body(s) who authorised the management commentary for issue. Do you agree with this recommendation?