

STAFF PAPER

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IASB[®] Meeting

Project	Third Agenda Consultation		
Paper topic	Due process steps and permission to publish the Request for Information		
CONTACTS	Wenyi Zheng	wzheng@ifrs.org	+44 (0) 20 7246 6497
	Aishat Akinwale	aakinwale@ifrs.org	+44 (0) 20 7246 6910

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Purpose and structure of this paper

1. The purpose of this paper is to:
 - (a) summarise the due process steps undertaken in developing the Request for Information;
 - (b) recommend 120 days as the comment period for the Request for Information; and
 - (c) ask the Board for permission to publish the Request for Information.
2. This paper is structured as follows:
 - (a) overview of the agenda consultation (paragraphs 3–5);
 - (b) summary of due process steps undertaken in developing the Request for Information (paragraphs 6–10);
 - (c) comment period (paragraphs 11–18);
 - (d) publication and next steps (paragraphs 19–21);
 - (e) questions for the Board; and
 - (f) appendix—due process requirements for an agenda consultation from the *Due Process Handbook*.

Overview of the agenda consultation

3. The IFRS Foundation *Due Process Handbook* requires the Board to undertake an agenda consultation every five years by way of a request for information, and specifies that its objectives are to seek formal public input on the following areas:
 - (a) strategic direction and balance of the Board’s activities;
 - (b) the criteria for assessing the priority of financial reporting issues that may be added to the work plan; and
 - (c) financial reporting issues that should be given priority in the Board’s work plan (potential projects).
4. This agenda consultation focuses on activities within the current scope of the Board’s work—financial statements and management commentary for profit-oriented companies. The final output of the agenda consultation will be the Board’s activities and work plan for 2022 to 2026.
5. The Board has discussed its approach to seeking feedback in the Request for Information. Specifically, the Board:
 - (a) discussed how its main activities should be categorised and described in the Request for Information.
 - (b) discussed the criteria for assessing the priority of projects to be added to its work plan, including the specific criteria on which to seek feedback on in the Request for Information.
 - (c) discussed the approach to the Board’s current projects and decided to:
 - (i) not ask stakeholders to re-prioritise the Board’s current work plan projects; and
 - (ii) include [research pipeline projects](#) and [a project on the post-implementation review of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations](#) for stakeholders to comment on and, if necessary, re-prioritise.
 - (d) received a summary of the outreach undertaken to develop the list of potential projects to be described in the Request for Information, and discussed how the feedback should be reflected in the Request for Information. The Board’s objective in describing potential projects in

the Request for Information is to provide stakeholders and the Board with a common understanding of the issues that could be addressed in a potential project in order to elicit more focused feedback on the agenda consultation.

Summary of due process steps undertaken in developing the Request for Information

6. The due process requirements for an agenda consultation are set out in paragraphs 4.3–4.7 of the *Due Process Handbook* (see the appendix to this paper).
7. The Draft Request for Information has been developed as follows:
 - (a) September 2019: the Board discussed the staff’s proposed approach to the agenda consultation, and expressed its support to conduct outreach before publishing a request for information.
 - (b) September 2019–February 2020: outreach meetings undertaken to develop the descriptions of potential projects to include in the Request for Information. These included meetings:
 - (i) the Global Preparers Forum in October 2019;
 - (ii) the Capital Markets Advisory Committee in October 2019;
 - (iii) the IFRS Interpretations Committee in November 2019;
 - (iv) the Emerging Economies Group in December 2019;
 - (v) the Accounting Standards Advisory Forum in October 2019 and December 2019;
 - (vi) the International Organization of Securities Commissions Committee I in February 2020; and
 - (vii) individual investors in the IASB Investors in Financial Reporting Programme during this period.
 - (c) April 2020: to assist stakeholders affected by covid-19, the Board postponed publication of the Request for Information from September 2020 to March 2021. This postponement was also to ensure that stakeholders will be able to invest the time necessary to provide the

Board with high-quality feedback, and to allow for sufficient time to consider any effects of covid-19 on financial reporting priorities.

- (d) October 2020: the Board discussed its approach to seeking feedback in the Request for Information (see paragraph 5).
 - (e) November 2020–February 2021: Board members reviewed and commented on drafts of the Request for Information. In accordance with paragraph 4.16 of the *Due Process Handbook*, requests for information are not balloted. Instead, requests for information require the support of a simple majority of the Board with approval given in a public meeting.
8. Paragraph 4.4 of the *Due Process Handbook* requires the Board to consult the IFRS Advisory Council as part of the agenda consultation. The Advisory Council discussed the staff’s proposed approach to the agenda consultation at its September 2019 meeting. Advisory Council members also provided suggestions for the potential projects to be described in the Request for Information.
 9. Paragraph 4.5 of the *Due Process Handbook* requires the Board to keep the Trustees of the IFRS Foundation (Trustees) informed of the agenda consultation process through the Due Process Oversight Committee (DPOC). The DPOC has been updated on the progress of the agenda consultation at its meetings in October 2019, February 2020, June 2020 and October 2020. The Board also discussed the agenda consultation process with the Trustees at their September 2020 meeting.
 10. In our view, all necessary due process steps to develop the Request for Information have been completed.

Comment period

11. Paragraphs 12–16 set out the considerations for 120 days or 180 days comment period, assuming the Request for Information is published in March 2021.

120 days

12. Paragraph 4.3 of the *Due Process Handbook* states that the Board normally allows a minimum of 120 days for comment on a request for information on an agenda consultation.
13. Although there are a significant number of published and forthcoming consultation documents in 2021, the agenda consultation is a strategic consultation. Therefore, a 120-day comment period may be appropriate and sufficient for stakeholders to respond to this consultation compared to other consultation documents. We have observed that stakeholders have been able to provide timely and well considered feedback to other strategic consultation documents even when extended comment periods were not provided (such as in the case of the Trustees' consultation paper on sustainability reporting).
14. As stated in paragraph 4, this agenda consultation will determine the Board's activities and work plan for 2022 to 2026. A 120-day comment period would balance the need to allow sufficient time for stakeholders to respond with the need to provide clarity about the Board's next five-year plan as early as is possible (expected publication of the Feedback Statement and work plan for 2022–2026 in the first quarter of 2022).

180 days

15. A 180-day comment period may alleviate potential constraints on stakeholder resources brought by covid-19, thereby ensuring they have sufficient time to provide considered responses to the consultation.
16. A 180-day comment period would delay expected publication of the Feedback Statement and the work plan for 2022–2026 until the second quarter of 2022. While this publication would be later than is typical, the Board is unlikely to have enough capacity to start any new projects that may result from the agenda consultation until later during the 2022–2026 period.

Staff conclusion and recommendation

17. Having evaluated the alternatives and in particular taken into consideration that a strategic consultation may be less time-consuming to respond to, we think a 120-day comment period is appropriate for the Request for Information. We also note that the Board has allowed extended comment periods on other major consultations currently open for comment. This should give stakeholders more flexibility in managing their overall schedules.
18. Therefore, we recommend a 120-day comment period for the Request for Information.

Publication and next steps

19. As discussed in paragraph 7(c), the Board decided to delay publication of the Request for Information by six months to assist stakeholders during the covid-19 pandemic. Given the on-going nature of the covid-19 pandemic, we considered whether the Board should again defer publication date of the Request for Information.
20. We think a further deferral risks loss of project momentum. Furthermore, our monitoring of covid-19 issues over the past months has not provided new or different information that would change the list of potential projects to be described in the Request for Information. The early effects of covid-19 suggested a change in the relative priorities of the potential projects; however, the ongoing effects of covid-19 have not suggested further changes to those priorities. Therefore, we think further deferral of the publication date is unlikely to identify any new effects of covid-19 on financial reporting priorities.
21. Subject to the Board's approval, the Request for Information will be published at the end of March 2021, and the comment period will therefore run until July 2021. We also plan to publish an online survey on the consultation to help obtain views from a broad range of stakeholders. We will present an analysis of the feedback in the second half of 2021.

Questions for the Board

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1. Is the Board satisfied that all mandatory due process steps required to date have been undertaken?
2. Does the Board agree with the staff recommendation of a 120-day comment period for the Request for Information?
2. Does the Board approve the publication of the Request for Information?

Appendix—due process requirements for an agenda consultation from the *Due Process Handbook*

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Five-yearly consultation on the Board's work plan (technical agenda)

- 4.3 The Board undertakes a public consultation on the work plan every five years by way of a public request for information. The Board normally allows a minimum of 120 days for comment on a work plan (agenda) consultation request for information. The primary objective of the review is to seek formal public input on the strategic direction and balance of the Board's work plan, including the criteria for assessing projects that may be added to the Board's work plan. The review could also seek views on financial reporting matters that respondents think should be given priority by the Board, together with any proposals to withdraw from the Board's work plan any projects that have not proceeded as planned or for which the prospects for progress are limited. The Board's discussion of potential projects to be added to or withdrawn from the work plan takes place in public Board meetings.
- 4.4 As part of this public consultation, the Board consults the Advisory Council.
- 4.5 In line with paragraphs 36(d) and 15(d) of the *Constitution*, the Board consults with the Trustees regarding the work plan and, through the DPOC, keeps the Trustees informed of its process in respect of its five-yearly consultation, including how it expects to respond to the input it has received. The next consultation should commence at the latest five years after the current consultation has been completed.
- 4.6 While the five-yearly consultations are the principal means of determining the Board's work plan, the Board can add projects to the work plan or change its priorities between consultations in response to changing circumstances. However, before adding a major project to the work plan that was not contemplated in the previous consultation, the Board consults the Advisory Council and ASAF on the potential project. The Board's discussion of potential projects to be added to the work plan takes place in public Board meetings.
- 4.7 For minor or narrow-scope amendments to IFRS Standards, including *annual improvements*, the Board is not required to consult the Advisory Council or ASAF before adding a project to the work plan because such amendments are part of the maintenance and consistent application of the Standards.