
IASB[®] meeting

Date	October 2022
Project	Disclosure Initiative: Targeted Standards-level Review of Disclosures
Topic	Decide project direction—Cover paper
Contacts	Stefano Tampubolon (stampubolon@ifrs.org) Raghava Tirumala (rtirumala@ifrs.org)

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the 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*.

Purpose of the meeting

1. The purpose of this meeting is for the IASB to decide the next steps for the Targeted Standards-level Review of Disclosures project based on the feedback on the Exposure Draft [Disclosure Requirements in IFRS Standards—A Pilot Approach](#).
2. This cover paper accompanies:
 - (a) Agenda Paper 11A *Decide project direction—Guidance for the Board* that analyses the courses of action available to the IASB to respond to the feedback on the proposed approach to developing and drafting disclosure requirements in IFRS Accounting Standards (Guidance for the Board or proposed Guidance). The staff recommends that the IASB:
 - (i) document the proposed methodology for developing disclosure requirements and use it when developing disclosure requirements in future standard-setting activities;
 - (ii) develop a middle ground approach to drafting disclosure requirements; and
 - (iii) publish the Guidance for the Board as a separate document on the IFRS Foundation website.
 - (b) Agenda Paper 11B *Decide project direction—A middle ground approach to drafting disclosure requirements* that explains in detail a middle ground approach to drafting disclosure requirements. Should the IASB decide to proceed with developing a middle ground approach, the staff recommends that the IASB, when drafting disclosure requirements:
 - (i) provide context-setting, non-prescriptive overall disclosure objectives that describe the overall information needs of users of financial statements;
 - (ii) not include a cross reference to paragraph 31 of IAS 1 *Presentation of Financial Statements* at the beginning of the disclosure section of each Accounting Standard;

- (iii) require entities to comply with specific disclosure objectives that describe the detailed information needs of users of financial statements;
 - (iv) support specific disclosure objectives with explanations of the assessments that users make that rely on information disclosed applying the specific disclosure objectives; and
 - (v) use prescriptive language when referring to items of information that an entity should disclose to meet a specific disclosure objective, subject to the requirements of paragraph 31 of IAS 1.
- (c) Agenda Paper 11C *Decide project direction—Proposed amendments to IFRS 13 Fair Value Measurements and IAS 19 Employee Benefits* that analyses the courses of action available to the IASB to respond to the feedback on the proposed disclosure requirements in both Accounting Standards. The staff recommends that the IASB not proceed with any further work on the disclosure requirements of the two Accounting Standards.

Background

3. In March 2021, the IASB published the Exposure Draft which sets out a proposed new approach to developing and drafting disclosure requirements in IFRS Accounting Standards (Guidance for the Board or proposed Guidance).
4. The IASB used the proposed Guidance to develop and draft the amendments to IFRS 13 and IAS 19 proposed in the Exposure Draft. The purpose of testing the proposed Guidance on these Accounting Standards was to help the IASB decide whether to use the proposed Guidance when developing and drafting disclosure requirements in future standard-setting activities.
5. The IASB selected IFRS 13 and IAS 19 because its research demonstrated that the disclosure requirements in the two Accounting Standards contain issues stakeholders said contributed to the disclosure problem, and the two Accounting Standards would benefit from a review of the disclosure requirements. Furthermore, the findings from the Post-implementation Review (PIR) of IFRS 13 suggested that there might be scope for improving disclosures about fair value measurements.
6. The IASB expects that:
 - (a) the proposed disclosure requirements in IFRS 13 would help entities make more effective materiality judgements; and
 - (b) the proposed disclosure requirements in IAS 19 would help entities disclose more relevant information.

7. The comment period for the Exposure Draft closed on 12 January 2022. Stakeholders submitted 111 comment letters to the IASB. During the comment period, IASB members and staff also undertook fieldwork, including meetings with preparers and outreach with users of financial statements. Fifty companies participated in fieldwork by applying the proposed disclosure requirements for one or both of IFRS 13 and IAS 19.
8. At its meeting in [February 2022](#), the IASB discussed feedback from preparer fieldwork participants and outreach with users, and feedback provided in four comment letters from users of financial statements. At its meeting in [May 2022](#), the IASB discussed feedback provided in the remaining 107 comment letters.
9. On [12 July 2022](#), the IASB met the Accounting Standards Advisory Forum (ASAF) to explore next steps for the project. At its meeting in [July 2022](#), the IASB discussed the possible courses of action considering the feedback on the Exposure Draft and the feedback from ASAF.

Work streams

10. The Exposure Draft could be divided into four parts for analysing possible courses of action:
 - (a) Guidance for the Board—proposed approach to developing disclosure requirements in Accounting Standards;
 - (b) Guidance for the Board—proposed approach to drafting disclosure requirements;
 - (c) proposed amendments to IFRS 13; and
 - (d) proposed amendments to IAS 19.
11. Although there are some dependencies between the parts, the IASB could pursue each part as a separate work stream and decide the next steps. Therefore, the agenda papers for this IASB meeting have been organised in accordance with these work streams.