April 2019

IFRS® Foundation
Exposure Draft

Proposed amendments to the IFRS Foundation Due Process Handbook

Comments to be received by 29 July 2019

IFRS®

Invitation to Comment

Proposed amendments to the IFRS Foundation *Due Process Handbook*

Comments to be received by 29 July 2019

(revised 23 May 2019 for a correction to the Annex)

CONTENTS

Introduction

1 The IFRS Foundation Due Process Handbook (*Handbook*) sets out the due process procedures that apply to the International Accounting Standards Board (Board) and the IFRS Interpretations Committee (Committee). The Trustees of the IFRS Foundation (Trustees) committee—the Due Process Oversight Committee (DPOC)—is responsible for monitoring the Board's and the Committee's compliance with these due process procedures. The DPOC also reviews and, if necessary, amends the due process procedures in the light of changing due process conventions and comments from stakeholders.

2 Apart from adding the IFRS Taxonomy due process as an annex to the *Handbook* in 2016, the DPOC last substantively amended the *Handbook* in 2013. Accordingly, the DPOC has decided to review the *Handbook* to ensure that it remains fit for purpose as a result of developments in the Board's and Committee's processes and continues to reflect best practice.

3 The main proposed amendments to the *Handbook* are to:

(a) update the procedures relating to effect analysis;

(b) clarify the role and status of agenda decisions published by the Committee;

(c) provide the Board with the ability to publish its own agenda decisions;

(d) reflect that entities should be entitled to sufficient time to consider an agenda decision and if necessary, implement an accounting policy change;

(e) refine the categorisation and review of educational material produced by the IFRS Foundation;

(f) refine the consultation required before adding major projects to the Board's work plan; and

(g) clarify the DPOC's oversight of the IFRS Taxonomy due process and bring greater clarity to the approval and review process associated with the issuance and publication of IFRS Taxonomy updates.

4 The proposed amendments are explained in paragraphs 5–38 and set out in a revised *Handbook* in Appendix A. The changes in the *Handbook* are marked up with underline for new text and strikethrough for deleted text (other than Trademark and capitalisation changes). The proposed amendments do not represent a fundamental revamp or rewrite of the *Handbook*, reflecting the DPOC's view that the current procedures set out in it are thorough and robust.

Main amendments—the draft revised *Handbook*

Effect analysis

5 Effect analysis is the Board's process for assessing the likely effects of a new or amended IFRS Standard that is undertaken as the new or amended Standard is developed. For a major Standard, this leads to the publication of a separate effect analysis report alongside the issued Standard. For other Standards or amendments, the effect analysis is embedded in the basis for conclusions published alongside the new or amended Standard.

6 The Board uses the term effect analysis to identify its own analysis of effects applying its methodology. The Board's analysis may differ from legislative impact assessments made by some other organisations.

7 Since the *Handbook* was amended in 2013, the Board has continued to develop its work assessing and reporting the likely effects of a new or amended IFRS Standard. Its work has been informed by the recommendations of the Effects Analysis Consultative Group (EACG), established in 2013 by the Trustees to advise the Board on further developing a methodology for effect analyses[1]. These developments can be seen in the separate effect analysis reports published alongside IFRS 16 *Leases* and IFRS 17 *Insurance Contracts*.

8 The DPOC proposes amending the *Handbook* to reflect these developments in how the Board assesses and reports the likely effects of a new or amended IFRS Standard as well as to incorporate the EACG's recommendations.

9 With respect to the scope of the Board's work, the DPOC proposes amending the *Handbook* to emphasise that the principal focus of the Board's analysis remains on assessing and reporting how general purpose financial statements are likely to change because of new financial reporting requirements, whether those changes will improve the quality of financial statements and whether those changes are justifiable taking into consideration costs.

10 Given that IFRS Standards provide high-quality, transparent and comparable financial information about entities and that this enhances financial stability in financial markets around the world, the DPOC proposes that the *Handbook* should reflect that the Board also analyses how greater transparency in financial reporting is likely to affect financial stability. This is consistent with the Board's recent work in developing the effect analysis for IFRS 17. The Effect Analysis report accompanying IFRS 17[2] explains that the improved transparency in insurance accounting resulting from IFRS 17 is expected to contribute to long-term financial stability by revealing useful information that will enable actions from users of financial statements to be taken on a timely basis.

1 Effects Analysis Consultative Group, Report to the Trustees of the IFRS Foundation, November 2014.

2 IFRS 17 *Insurance Contracts* Effects Analysis.

11 The proposed amendments to the *Handbook* also more clearly differentiate between two related but different matters: the process of assessing the effects of a new or amended IFRS Standard throughout the standard-setting process as those new requirements are developed, and the effect analysis report that is published on issuance of a major Standard or amendment. This is to avoid giving a false impression that the Board's analysis of the effects takes place only at the end of the standard-setting process when the effect analysis report is published; rather than occuring throughout the standard-setting process. The proposed amendments also emphasise that the effect analysis report focuses on the likely effects of the final Standard and the steps that the Board undertook in carrying out its assessment.

12 The proposed amendments to the *Handbook* further emphasise that the process of assessing and reporting effects takes place throughout, and is intrinsic to, the standard-setting process. The proposed amendments also make clear that any assessment and reporting is tailored to the nature of a particular change to financial reporting and the stage in the development of a new or amended IFRS Standard (eg research phase and standard-setting phase).

Question 1—Effect analysis
The DPOC proposes to amend the section 'Effect analysis' to: • **embed explicitly the process of analysing the effects throughout the standard-setting process;** • **explain the scope of the analysis;** • **explain how the Board reports the effects throughout the process; and** • **differentiate the effect analysis process from the final effect analysis report.** **Do you agree with these proposed amendments?**

Agenda decisions

Role and status of agenda decisions

13 Currently the *Handbook* specifies that an agenda decision[3] is one of the due process tools for use by the Committee when it addresses questions submitted to it about the application of IFRS Standards. For each question submitted, the Committee is required to consider at a public meeting whether to add a project to its standard-setting agenda (which might include developing an IFRIC Interpretation). If the Committee decides not to recommend standard-setting in response to a submitted question, it publishes an agenda decision to explain its decision. In many cases the Committee publishes an agenda

3 Although the *Handbook* currently refers to a 'rejection notice', in practice this due process tool has been referred to as an 'agenda decision'. The proposed amendments to the *Handbook* reflect this development in terminology.

decision because, in the Committee's view, IFRS Standards provide enough information for an entity to determine its accounting.

14 The Committee may decide to include information in agenda decisions to help entities apply IFRS Standards. This information explains how the applicable principles and requirements in the Standards apply to the question submitted.

15 Agenda decisions, including any explanatory information, do not add or change requirements in IFRS Standards and therefore do not have the same status of IFRS Standards. Nonetheless, as currently explained in the *Handbook*, they should be seen as 'helpful, informative and persuasive'.

16 The Board has confirmed the current status and role of agenda decisions. The Board noted that an agenda decision is published only after the Committee has concluded not to undertake standard-setting because amending IFRS Standards is not necessary.

17 The Board also noted that agenda decisions often quote material that is already in IFRS Standards. In addition, the explanatory material often links the existing requirements in the Standards to relevant explanations in the basis for conclusions. A basis for conclusions accompanies, but is not part of, a Standard. If agenda decisions were to have the same status as IFRS Standards, the material quoted from the Standards would create duplication in the Standards and potential confusion. In addition, the status of the material quoted from accompanying materials such as the basis for conclusions and illustrative examples would in effect be changed.

18 The DPOC has confirmed its view that the due process relating to agenda decisions is appropriate. However, the DPOC noted that the *Handbook* currently provides limited information about agenda decisions and the explanatory material that they may contain. Therefore, the DPOC proposes to update the *Handbook* to clarify:

(a) the objective of including explanatory material in agenda decisions—ie to improve consistency in the application of IFRS Standards; and

(b) the nature of explanatory material in an agenda decision—ie such material should explain how the applicable principles and requirements in IFRS Standards apply to the transaction or fact pattern described in the agenda decision; and although explanatory material often provides additional information, it cannot add or change requirements in the Standards.

Timing of implementing agenda decisions

19 Even though agenda decisions cannot add or change requirements in IFRS Standards, the explanatory material in an agenda decision might provide new information. As a result, an entity might determine it needs to change its previous accounting policy. Agenda decisions do not have an effective date like a Standard and, therefore, some entities might view the information provided in an agenda decision as having immediate effect upon its publication. If so, an entity could find it difficult in some circumstances to

consider the information and determine whether to change its accounting because of it, and implement any resulting change.

20 Accordingly, in 2018 the Board considered whether to undertake standard-setting to address these timing concerns. The Board concluded that there was no obvious way for it to address this matter because agenda decisions are not part of IFRS Standards. However, it stated that it expects an entity to be entitled to sufficient time both to determine whether to make any accounting change as a result of an agenda decision and to implement any such change. Given that the *Handbook* provides the authoritative explanation about the role of agenda decisions, the DPOC proposes to capture in the *Handbook* the Board's expectation about the timing of application of accounting policy changes that result from an agenda decision.

Board agenda decisions

21 As noted above, an agenda decision is currently a due process tool available only to the Committee. The DPOC proposes to amend the *Handbook* to enable the Board also to publish an agenda decision—a Board agenda decision. This proposed amendment is intended to enhance the Board's ability to support the consistent application of IFRS Standards.

22 The need for the Board to be able to publish agenda decisions may arise because, for example, in some cases, the Board considers application questions in the period after a Standard is issued but before the Standard becomes effective or has become widely implemented. The Board is generally best placed to respond to application questions in these circumstances because such a Standard would have only recently been issued and practice would not yet have had an opportunity to develop. For example, the Board may become aware of application questions through discussions at a Transition Resource Group. The Board would then consider if there is a need for standard-setting to address the questions. If the Board concludes that standard-setting is not required, it currently has no formal mechanism to publish material that could explain how to apply the principles and requirements in the Standard. The Board's decision that standard-setting is not required would be reported in the relevant IASB update and the Board paper would be available on the IFRS Foundation website. However, the Board would need to use mechanisms such as a webcast to disseminate any helpful information about the application of the requirements in the Standard. These mechanisms do not allow the Board to consult currently, however a Board agenda decision would.

23 With a due process tool of the kind described the Board could decide not to undertake standard-setting but at the same time publish an agenda decision containing explanatory material for stakeholders to support the consistent application of IFRS Standards. Material contained in such an agenda decision would also be more widely disseminated to stakeholders, more readily retrievable and have greater permanence than other mechanisms currently available to the Board when it decides not to undertake standard-setting. It is anticipated that Board agenda decisions would contain explanatory material.

24 The DPOC proposes that the due process currently applied to agenda decisions published by the Committee would also be applied to agenda decisions published by the Board. In particular, Board agenda decisions would be subject to public deliberation and public comment.

25 The proposed amendments also clarify that:

(a) Board agenda decisions would not supplant the Committee's existing process for dealing with application questions. Stakeholders will continue to submit such questions directly to the Committee.

(b) The Board is not expected to publish agenda decisions as often as the Committee does. Rather they are expected to be published infrequently when the Board both: considers an application question and concludes standard-setting is not necessary; and concludes that it should publish some explanatory material to support the consistent application of IFRS Standards. Stakeholders would have the ability to comment on a tentative Board agenda decision if they thought the Board was not holding itself to this threshold.

Question 2—Agenda decisions
The DPOC has proposed the following amendments relating to agenda decisions: • **to provide the Board with the ability to publish agenda decisions;** • **to better explain the objective and nature of explanatory material in an agenda decision; and** • **to reflect in the *Handbook* that an entity should be entitled to sufficient time both to determine whether to make an accounting policy change as a result of an agenda decision, and to implement any such change.** **Do you agree with these proposed amendments?**

Other matters

Educational material

26 The *Handbook* currently sets out requirements for the due process review of educational material produced by the IFRS Foundation, specifying different levels of review depending on the nature of the material. However, these requirements were written in contemplation of the educational materials being produced by the IFRS Foundation at that time and do not specifically address some of the newer types of materials being produced, such as webinars and articles developed to support implementation of new IFRS Standards.

27 The DPOC therefore proposes to update the *Handbook* to specify three broad categories of educational material as follows:

(a) high-level summaries of the requirements in an IFRS Standard, such as an introductory webcast on a new Standard;

(b) more detailed materials explaining the requirements in an IFRS Standard, such as a webcast on specific aspects of a Standard; and

(c) material explaining or illustrating how the requirements in an IFRS Standard might be applied to particular transactions or circumstances, such as a new example demonstrating how the requirements might be applied to a particular fact pattern.

28 These categories capture the type of materials currently produced and are expected to be sufficiently generic to accommodate different types of educational material about IFRS Standards that might be produced in the future.

29 The DPOC also proposes to revise the specified minimum level of review required for each category of educational material. Currently, not all material is required to be reviewed by Board members. Given that the material now being produced is more focused on supporting those using IFRS Standards than in the past, the DPOC proposes that all educational material should be subject to at least some level of Board member review.

Adding projects to the Board's work plan

30 The DPOC proposes amending the *Handbook* to streamline and make more logical the requirements regarding the consultation that must be undertaken before the Board adds a new project to its work plan. The amendments are not intended to reduce the input the Board receives or is required to seek; rather, they are intended to adjust the timing of the consultation to improve its effectiveness and efficiency.

31 Currently, outside the five-yearly agenda consultation, paragraph 5.6 of the *Handbook* requires the Board to consult the IFRS Advisory Council and the Accounting Standards Advisory Forum (ASAF) before adding a project to its standard-setting programme. This means that the Board is not required to consult before adding a project to its research programme, even if that project

was not considered in the previous agenda consultation. But it also means that the Board must consult before moving a project from its research programme to its standard-setting programme, even if that research project was added to its work plan in the previous agenda consultation.

32 The effect of the proposed amendment to paragraph 5.6 of the *Handbook* and the new requirement in paragraph 4.6 is to:

(a) require the Board to consult before formally adding a major project to the work plan (either the research programme or the standard-setting programme) if that project was not specifically contemplated in the most recent agenda consultation; and

(b) explain in cases in which a project was specifically contemplated in the most recent agenda consultation, the Board is not required to consult the Advisory Council and ASAF when it moves a project from the research programme to the standard-setting programme.

33 These amendments should ensure that the Board continues to obtain the necessary formal input about the strategic direction and balance of its work plan. However, they would do so without specifying duplicative formal consultation requirements.

IFRS Taxonomy

34 The DPOC proposes to amend the IFRS Taxonomy due process annex to specify the DPOC's role overseeing the due processes associated with IFRS Taxonomy content.

35 The DPOC also proposes adding a table to summarise the approval and review process associated with IFRS Taxonomy updates. The annex currently specifies different levels of review or approval by the Board, the IFRS Taxonomy Consultative Group and the staff for different types of Taxonomy updates. No substantive changes are proposed to this process for approval and review, but the added table will enhance its clarity.

Additional amendments

36 The DPOC also proposes other amendments to bring the *Handbook* in line with current practice; further minor amendments are also proposed by the DPOC to improve the *Handbook's* understandability. In particular:

(a) Consultative groups—paragraph 3.60 (formerly paragraph 3.59) explains that the composition of a consultative group might develop in line with the progression of a project, such that different expertise (and therefore different members) might be required at different stages of a project.

(b) Public nature of DPOC meetings—paragraph 2.15(a) reflects the DPOC's current practice of holding its meetings in public, except when it discusses personnel and other private issues in a private session.

(c) Remit of the Advisory Council—the amended references to the role of the Advisory Council reflect that it now advises the Board (and Trustees) on strategic matters and, especially since the establishment and activity of ASAF, is no longer used as a technical consultative body. The changing role of the Advisory Council has also required a consequential amendment to the IFRS Foundation *Constitution* (see Appendix B).

(d) Role of the IFRS Foundation website in transparent communication—paragraphs 3.34–3.37 (formerly paragraphs 3.34–3.36) have been extended to explain more clearly how the IFRS Foundation website is used to inform stakeholders of ongoing due process.

(e) Discussion papers—the sentence stating that discussion papers do not contain a basis for conclusions or dissenting opinions has been removed from paragraph 4.13.

(f) Restructuring for navigability—material relating to supporting implementation and application of IFRS Standards has been relocated into a new section (8).

(g) Drafts for editorial review—paragraphs 3.31–3.33 have been updated to clarify the purpose of this particular type of review.

(h) Comment letter—the definition in the Glossary of terms has been extended so as not to prohibit the future use of technology in the receipt of comment letters.

Question 3—other matters

The DPOC has proposed to amend the *Handbook* on other matters including:

- **the type of review required for different types of educational material;**
- **consultation in connection with adding projects to the Board's work plan;**
- **clarifications of the IFRS Taxonomy due process and Taxonomy updates and the role of the DPOC in overseeing Taxonomy due process.**

Do you agree with these proposed amendments?

Consequential amendments—the IFRS Foundation *Constitution*

37 As a result of the proposed amendments to the *Handbook* relating to the IFRS Advisory Council, the IFRS Foundation Trustees are proposing consequential amendments to the IFRS Foundation *Constitution*. These amendments align to the proposed amendments of the *Handbook* that describe the Advisory Council as a strategic advisory body to the Trustees and the Board.

38 The proposed consequential amendments to the IFRS Foundation Constitution can be found in Appendix B.

Question 4—Consequential amendments to the IFRS Foundation *Constitution*
The Trustees of the IFRS Foundation have proposed to amend the IFRS Foundation *Constitution* as a result of the proposed amendments to the *Handbook* relating to the role of the IFRS Advisory Council. **Do you agree with these proposed consequential amendments?**

Appendix A
Proposed amendments to the IFRS Foundation *Due Process Handbook*

IFRS Foundation

Due Process Handbook

This *Handbook* sets out the due process principles that apply to the International Accounting Standards Board and the IFRS Interpretations Committee. The Trustees of the IFRS Foundation have a Due Process Oversight Committee that is responsible for monitoring compliance with due process.

CONTENTS

1. Introduction

1.1 The foremost objective of the IFRS Foundation is to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based on clearly articulated principles. The IFRS Foundation Trustees ~~*Strategy Review 2011* makes clear~~ believe that, in carrying out the IFRS Foundation's mission as its standard-setting body, the International Accounting Standards Board (Board) should develop financial reporting standards that provide a faithful portrayal of an entity's financial position and performance in its financial statements. Those standards should serve investors and other market participants in making informed resource allocation and other economic decisions. The confidence of all users of financial statements in the transparency and integrity of those statements is critically important for the effective functioning of capital markets, efficient capital allocation, global financial stability and sound economic growth.

1.2 The ~~IFRS Foundation's *Constitution*~~ IFRS Foundation *Constitution* (*Constitution*) gives the Board full discretion in developing and pursuing its technical programme and in organising the conduct of its work. The ~~Trustees~~ IFRS Foundation Trustees (Trustees) and the Board have established consultative procedures with the objective of ensuring that, in exercising its independent decision-making, the Board conducts its standard-setting ~~process~~ in a transparent manner, considering a wide range of views from interested parties throughout all stages of the development of International Financial Reporting Standards (IFRS Standards). The Board uses these procedures to gain a better understanding of different accounting alternatives and the potential effect of the proposals on affected parties. A comprehensive and effective due process is essential to developing high quality IFRS Standards that serve investors and other users of financial ~~information~~ statements.

1.3 The IFRS Interpretations Committee ('Interpretations Committee') assists the Board in improving financial reporting through timely ~~identification~~ assessment, discussion and resolution of financial reporting issues identified to it within the IFRS framework.

1.4 The Board, Interpretations Committee and the Trustees are assisted by the staff of the IFRS Foundation. References to 'IFRS Foundation staff' in this document cover all staff. The staff who assist the work of the Board and the Interpretations Committee are referred to in this document as the 'technical staff'. The staff who assist the work of the Trustees are referred to as the 'Trustee staff'.

1.5 ~~This handbook~~ The Due Process Handbook (*Handbook*) describes the due process requirements of the Board and ~~its~~ the Interpretations Committee. The requirements reflect the due process that is laid out in the *Constitution* ~~and the *Preface to International Financial Reporting Standards* issued by the IASB~~.

1.6 The due process requirements are built on the principles of transparency, full and fair consultation—considering the perspectives of those affected by IFRS Standards globally—and accountability. The Board and ~~its~~ the Interpretations Committee will often perform steps and procedures over and above those

described here because they are continually striving to improve how they consult and operate. From time to time the Board and the Trustees' Due Process Oversight Committee (DPOC) (see section 2) review how the Board and ~~its~~ the Interpretations Committee are operating to determine whether some of these new and additional steps should be embedded into their due process. Similarly, such reviews could remove or amend due process steps that impede, rather than enhance, the efficient and effective development of the Standards and material to support the consistent application of the Standards. The DPOC seeks to ensure that the *Handbook* achieves a balance between timely development of high-quality Standards and a thorough due process.

1.7 The formal due process ~~procedures~~ for the Board and ~~its~~ the Interpretations Committee:

(a) ~~specify~~ specifies the minimum steps ~~they must take~~ to be taken to ensure that their activities have benefited from a thorough and effective consultation process;

(b) ~~identify~~ identifies the non-mandatory steps ~~or procedures that must be~~ to be considered, the 'comply or explain' approach, meaning that the non-mandatory steps in the process were still recommended, so non-compliance with them would require an explanation; and

(c) ~~identify~~ identifies other, optional, steps ~~that are~~ available to them to help improve the quality of IFRS Standards and related documents.

1.8 The formal due process relating to the IFRS Taxonomy is described in the annex to this *Handbook*. References to the IFRS Taxonomy also appear in the main body of this *Handbook* where applicable.

2. Oversight

Mission

2.1 The Trustees ~~of the IFRS Foundation~~ oversee the operations of the Board and ~~its~~ the Interpretations Committee.

2.2 The Trustees ~~of the IFRS Foundation~~ have a committee—the DPOC—which is responsible for overseeing the due process ~~procedures~~ of the Board and ~~its~~ the Interpretations Committee. The DPOC ~~must operated~~ operates in a manner that is timely and enhances rather than hinders the efficient operation of Board and Interpretations Committee activities or the timely development of IFRS Standards and material to support the consistent application of IFRS Standards.

2.3 The DPOC is accountable to the Trustees ~~of the IFRS Foundation~~ and is responsible for ensuring that the Board and ~~its~~ the Interpretations Committee follow due process procedures that reflect best practice. Improvements to due process are made on a timely basis when the DPOC considers it to be necessary.

2.4 The DPOC provides ~~continuous~~ ongoing oversight over the due process of the Board and ~~its~~ the Interpretations Committee throughout all the development stages of a Standard, the IFRS Taxonomy or an IFRIC® Interpretation, including agenda-setting and *Post-implementation Reviews* (PIRs).

2.5 The DPOC achieves oversight through the defined and transparent steps it follows in its ongoing and regular activities, as well as by responding to issues raised by stakeholders about the standard-setting process.

2.6 Activities of the DPOC are limited to matters of due process. The DPOC does not review or consider technical, financial reporting matters that have been decided on by the Board. As the *Constitution* makes clear, these decisions are solely the responsibility of the Board.

2.7 The DPOC is supported by ~~a Trustees staff resourse, the Director for Trustee Activities~~ an IFRS Foundation staff member managing Trustee activities, who is independent of the technical staff.

Areas of responsibility

2.8 The DPOC is responsible for:

(a) reviewing regularly, and in a timely manner, together with the Board and the IFRS Foundation staff, the due process activities of ~~the~~ standard-setting ~~activities~~ and the development of materials to support the consistent application of IFRS Standards of the Board and the Interpretations Committee~~.~~;

(b) reviewing, and proposing updates to, the ~~*Due Process Handbook* that relate to the development and review of Standards, *Interpretations* and the IFRS Taxonomy~~ procedures in the *Handbook* so as to ensure that ~~the IASB procedures are~~ they are best practice~~.~~;

(c) reviewing the composition of ~~the IASB's~~ *consultative groups* to ensure an appropriate balance of perspectives and monitoring the effectiveness of those groups~~.~~;

(d) responding to correspondence from third parties about due process matters, in collaboration with the ~~Director for~~ IFRS Foundation staff member who manages Trustee activities and the technical staff~~.~~; and

~~(e) monitoring the effectiveness of the *IFRS Advisory Council* ('Advisory Council'), the Interpretations Committee and other bodies of the IFRS Foundation relevant to its standard-setting activities.~~

(e)~~(f)~~ making recommendations to the Trustees about constitutional changes related to the composition of committees that are integral to due process, as appropriate.

Process

2.9 The DPOC operates throughout the development of a Standard, the IFRS Taxonomy or an IFRIC Interpretation, including agenda-setting and PIRs. This is achieved through ~~frequent~~ periodic reporting by, and dialogue with, the Board, the Interpretations Committee and IFRS Foundation staff.

2.10 For each technical project, the Board ~~must consider how~~ determines whether it has complied with its due process requirements, on the basis of a technical staff report that ~~should~~:

(a) ~~include~~ includes a summary of any issues raised about due process, the extent of stakeholder engagement and the areas in a proposed Standard or IFRIC Interpretation that are likely to be controversial;

(b) ~~provide~~ provides evidence and evaluation of the process that was undertaken; ~~and~~

(c) ~~outline~~ outlines the reasons why the Board decided not to ~~take~~ undertake a non-mandatory 'comply or explain' step for a given project (~~such as proposing a shorter comment period than is usual, deciding that a proposal does not need to be re-exposed or not having a consultative group~~see paragraph 3.45); and

(d) concludes whether, in the technical staff's opinion, applicable due process steps have been complied with.

Any such reports ~~must also be~~ are communicated to the DPOC giving it sufficient time to review them and to react in a timely manner.

2.11 These reports are posted on the ~~relevant project page and on the DPOC~~ IFRS Foundation website.

2.12 The DPOC reviews and evaluates the evidence provided by the Board and IFRS Foundation staff of its compliance with the established due process. The conclusions of that review and evaluation, including whether due process concerns are identified or not, are included in the reports referred to in ~~paragraph 2.15(c)~~ paragraph 2.15(d). Before any new or amended Standard is finalised, the DPOC will confirm that it has completed its review of the due process. In reaching its decisions, the DPOC operates on a simple majority basis.

2.13 The DPOC, through its contact with stakeholders, responds when appropriate to issues raised about the Board's due process and ensures that such issues are addressed satisfactorily (see section 9).

2.14 Although the DPOC is assisted in its activities by Trustee staff, there is currently no intention to ~~audit~~ verify the information provided by the Board, because of the transparent manner in which the Board and DPOC operate ~~makes an audit unnecessary. Having said that~~ However, the DPOC can request a review by Trustee staff of any of the information provided to it.

Communication by the DPOC

2.15 The DPOC ~~must operate~~ operates transparently and with fair consideration of the issues raised by stakeholders. The DPOC ~~is required to~~:

(a) meets in public, ensuring that meeting papers and recordings of the meeting are made available on the IFRS Foundation website;

~~(a)~~(b) ~~update~~ updates the Trustees on its activities at regularly scheduled Trustee meetings and on an ad-hoc basis as required;

~~(b)~~(c) on behalf of the Trustees, ~~provide~~ provides updates to the Monitoring Board at regularly scheduled joint sessions with the Trustees and on an ad-hoc basis as required;

~~(c)~~(d) ~~provide~~ provides reports of its conclusions~~,~~ and discussions ~~and materials~~ on ~~the DPOC section of~~ the IFRS Foundation website. The reports include details of all the issues discussed, including the compliance with due process on each of the technical activities. Such reports should be provided promptly after the DPOC meetings;

~~(d)~~(e) ~~prepare~~ prepares an annual report of its activities for the Trustees; and

~~(e)~~(f) ~~ensure~~ ensures that its operating protocol, together with this document~~, its Charter~~ and any other DPOC governance documents, are available on the IFRS Foundation website.

3. Principles

3.1 The due process requirements are built on the following principles:

(a) transparency—the Board and the Interpretations Committee conducts its standard-setting ~~process~~ in a transparent manner;

(b) full and fair consultation—considering the perspectives of ~~those affected by IFRS~~ stakeholders globally; and

(c) accountability—the Board analyses the potential effects of its proposals on affected parties and explains the rationale for why it made the decisions it reached in developing or changing a Standard.

Transparency

Public meetings, voting and balloting

Meetings

3.2 Meetings of the Board and the Interpretations Committee are ~~generally~~ open to the public. ~~Members of the public~~ who may attend meetings as observers. Meetings are recorded and, where possible, ~~broadcast live via~~ webcast live. Recordings of meetings are made available on the IFRS Foundation website. The Board and ~~its~~ the Interpretations Committee can meet privately to discuss administrative and other non-technical matters. Acknowledging that the boundary between technical and non-technical matters is sometimes difficult to define, the Board and ~~its~~ the Interpretations Committee ~~must~~ use their best

endeavours not to undermine the principle that full and open consideration of technical matters needs to take place during public meetings.

3.3 A summary of the ~~tentative~~ decisions reached in each Board meeting is published in a meeting summary called IASB® *Update* and ~~tentative~~ decisions of the Interpretations Committee are published in a meeting summary called IFRIC® *Update*. These summaries are also made available on the IFRS Foundation website.

3.4 The regular meetings of the Board and ~~its~~ the Interpretations Committee are planned as far in advance as is practicable, to help the technical staff, the Board, the Interpretations Committee members and ~~interested parties~~ stakeholders prepare for those meetings.

3.5 The meetings schedule is published on the IFRS Foundation website. Occasionally, the Board will need to hold a meeting at short notice. The Board Chair can convene such meetings at any time. The Board will make its best efforts to announce forthcoming meetings, usually via the IFRS Foundation website, giving a minimum of 24 hours' notice in all but exceptional circumstances.

Papers and observer access

3.6 Before Board and Interpretations Committee meetings, the technical staff is responsible for developing technical staff papers with recommendations~~, along with~~ and supporting analysis~~,~~ for consideration by the Board or ~~its~~ the Interpretations Committee in their public meetings.

3.7 The objective of ~~technical~~ staff papers is to provide sufficient information ~~so that~~ for the Board or Interpretations Committee members ~~can~~ to make informed decisions on technical matters. In developing their papers, the technical staff are expected to conduct research, including seeking advice from Board members. However, recommendations ultimately reflect the views of the technical staff after they have considered the information they have obtained.

3.8 ~~Technical~~ Staff papers are normally distributed 10–14 days before they are scheduled for discussion to allow Board and Interpretations Committee members sufficient time to consider and assess the recommendations.

3.9 Sometimes it is necessary to distribute technical staff papers much closer to the meeting date, sometimes even on the day of the meeting. Board or Interpretations Committee members may, for example, ask for additional analysis during a meeting, which the technical staff prepare and distribute at a later session of that meeting.

3.10 It is the responsibility of Board and Interpretations Committee members to assess whether they have sufficient information~~,~~ and sufficient time, to be able to make decisions on the technical staff recommendations.

3.11 All material discussed by Board 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 Board's Chair, Vice-Chair or ~~a Senior~~ the Executive 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 Board and the Interpretations Committee will be publicly available in their entirety.

3.12 The technical staff is required to report to the Board and the DPOC at least annually on the extent to which material discussed by the Board 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~~ distributed later than ~~5~~ five working days in advance and the main reasons for doing so.

3.13 Notwithstanding the importance of technical staff papers, technical staff may supplement the papers orally at a Board or an Interpretations Committee meeting, drawing upon research ~~by the technical staff~~ and consultations with the ~~Advisory Council,~~ consultative groups and other interested parties, or from comments and information gained from *public hearings*, *fieldwork*, education sessions and comment letters.

Publications, meetings and the ballot process

3.14 There are minimum voting requirements for all important Board decisions:

Publications	
Request for information (paragraph 4.16) Research paper (paragraph 4.16)	Simple majority in a public meeting attended by at least 60% of the Board members.
Discussion paper (paragraph 4.16)	Simple majority, by way of ballot.
Exposure draft (paragraph 6.9) Proposed *IFRS for SMEs Standards* (paragraph 6.9) IFRS Standard (paragraph 6.23) *IFRS for SMEs Standard* (paragraph 6.23)	Supermajority, by way of ballot.
Practice guidance (paragraph 6.39)	Supermajority, by way of ballot.

continued...

...continued

Publications	
Conceptual Framework for Financial Reporting (paragraph 4.21)	Supermajority, by way of ballot.
Draft IFRIC Interpretation (paragraph 7.10)	No more than four members of the Interpretations Committee object, by way of ballot.
IFRIC Interpretation (~~paragraph 7.22~~paragraph 7.23)	No more than four members of the Interpretations Committee object, by way of ballot. Ratification by the requires a supermajority, in a public meeting.
Proposed IFRS Taxonomy update ~~document~~ (paragraph A16)	Supermajority, by way of ballot.
IFRS Taxonomy update ~~document~~ (paragraph A16)	Supermajority, by way of ballot.

3.15 A *supermajority* of the Board requires that ~~9~~ eight members ballot in favour of the publication of a document if the Board has ~~15~~ 13, or fewer, appointed members, ~~or 10~~ and nine members in favour if the Board has ~~16~~ 14 appointed members. Abstaining is equivalent to voting against a proposal.

3.16 In addition to the publications noted in paragraph 3.15, adding a ~~technical project to the standards-level programme~~ standard-setting project to the Board's work plan and decisions about consultative groups, field work and other due process matters such as not to establish a consultative group, require the support of a simple majority of the Board in a public meeting attended by at least 60% of the Board members in person or by telecommunications.

Meetings

3.17 Board members are expected to attend meetings in person. However, meetings may be held using teleconference, videoconference or any other similar communication facilities. ~~The quorum of the~~ A Board quorum is 60% of the appointed members ~~in attendance in person or by telecommunications~~. Proxy voting by members of the Board is not permitted.

3.18 The Interpretations Committee also meets in public and follows procedures ~~that are~~ similar to the Board's general policy for its Board meetings. ~~To constitute a quorum for the Interpretations Committee there must be~~ A minimum of 10 voting members present in person or by telecommunications constitutes a quorum of the Interpretations Committee. Each voting member of the Interpretations Committee has one vote. Members vote in accordance with their own independent views, not as representatives of any firm, organisation or constituency with which they may be associated. Proxy voting is not permitted by members of the Interpretations Committee.

3.19 The Board and Interpretations Committee Chairs may invite others to attend meetings as advisers when specialised input is required. A member of the Interpretations Committee, or an appointed observer, may also, with the prior consent of the Chair, bring to a meeting an adviser who has specialised knowledge of a topic that is being discussed. Such invited advisers have the right to speak.

3.20 During the development stage of technical documents such as discussion papers, exposure drafts and Standards, the Board discusses technical matters in public meetings. During ~~those~~ such meetings members of the Board are often asked to indicate to the staff which technical alternative they support. These tentative votes on particular technical issues provide the technical staff with direction from the Board to develop the relevant due process document, but are not part of the formal approval process. Individual Board members may prefer an alternative financial reporting treatment to that supported by a majority of the Board, but nevertheless consider that the project proposals as a whole would improve financial reporting.

3.21 A *simple majority* in favour of a technical alternative is generally sufficient to guide the technical staff in developing the project. In the event of a tied vote on a decision ~~that is~~ to be made by a simple majority of the members present at a meeting in person or by telecommunications, the Chair ~~shall have~~ has an additional casting vote. The technical staff will~~, however,~~ need to determine ~~if~~ whether any Board members who disagree with a tentative decision might dissent from the whole proposal because of that decision.

Balloting

3.22 Balloting is the formal process by which Board members assent to the publication of a document, as listed in the table at paragraph 3.14 ~~above~~, or the members of the Interpretations Committee assent to the finalisation of an IFRIC Interpretation, before it is sent to the Board for ratification. Balloting takes place outside of meetings.

3.23 In their public meetings, the Board or Interpretations Committee make technical decisions that relate to recognition, measurement and disclosure matters. ~~It is the responsibility of the technical staff to ensure~~ The technical staff is responsible for ensuring that the final publication reflects those decisions.

3.24 When a document is in the process of being balloted, the Board or Interpretations Committee members review it to confirm that the drafting is consistent with their technical decisions. Any dissenting opinions are incorporated into the pre-ballot and ballot drafts for ~~the~~ other Board members to see before balloting is completed.

3.25 Before the formal ballot procedure begins, the technical staff usually prepares one or more pre-ballot drafts, in response to which the Board or ~~its~~ the Interpretations Committee provide drafting comments.

3.26 Sometimes the drafting process reveals an uncertainty about a technical matter because the decision reached is not as clear as first thought. In other cases, the drafting process may highlight inconsistencies between sections of an IFRS Standard or other matters that were not discussed at a Board or an Interpretations Committee meeting. Such technical matters are usually resolved by having the technical staff prepare a technical staff paper and taking it to a public meeting of the Board or Interpretations Committee as a *sweep issue*, where the matter can be resolved by a simple majority of the Board or Interpretations Committee. Taking a sweep issue to the Board or Interpretations Committee does not cause the balloting process to start again.

3.27 To support the consistent application of IFRS Standards internationally, the Board aims to develop Standards that are clear, understandable and enforceable. In addition, it provides the necessary implementation guidance and illustrative examples to accompany the Standards, consistent with a principle-based approach.

~~The IFRS Foundation renders all assistance to help ensure the consistent application of IFRSs internationally. In line with its foremost objective, the IASB aims to develop Standards that are clear, understandable and enforceable and to provide guidance that is consistent with a principle-based approach to standard-setting. Application guidance and examples are provided when it is necessary to understand and implement the principles in a consistent manner.~~

3.28 In drafting new IFRS Standards, the Board is conscious that many of those applying or using the Standards work with translated versions of the English Standards. As part of the balloting process the technical staff ~~should liaise~~ liaises with the IFRS Foundation Translations and IFRS Taxonomy ~~technical~~ staff to ensure that the proposed document can be translated into other languages and incorporated easily into the IFRS Taxonomy. All documents ~~are also subjected to~~ undergo extensive editorial review.

3.29 Once the technical staff have assessed that the document is ready for formal voting they circulate a ballot draft. The Board or Interpretations Committee members vote on this document. The Board can determine how voting should be carried out, but may use paper or electronic means.

3.30 Even after balloting it is not uncommon for the ~~IASB members or~~ technical staff to make drafting changes to improve the clarity of the document. Such changes are permitted as long as the technical decisions are not affected. ~~Depending on the number of such changes, the~~ The technical staff will report to the Board after the ballot or prepare and circulate to the Board a post-ballot draft showing the final changes.

Drafts for editorial review

3.31 The Board normally seeks input on the drafting of ~~exposure drafts, Standards and Interpretations~~ IFRS Standards, IFRIC Interpretations as well as major exposure drafts and discussion papers from people outside of the ~~IASB~~ IFRS Foundation. For convenience, a draft of ~~the proposed text of an exposure draft, new Standard, or major amendment to a Standard, or Interpretation~~ such documents is referred to as a *draft for editorial review*. A

draft for editorial review might be distributed to a selected group of reviewers, such as members of a consultative group, the Interpretations Committee, other standard-setters or parties that have provided feedback on the project. It may also be made available on the IFRS Foundation website while it is with the selected group of reviewers. The nature of the external review, such as who is asked to review the draft and whether the draft is also made publicly available, is at the discretion of the Board. The technical staff ~~must also decide~~ decides whether a draft for editorial review should be developed before the first pre-ballot draft is circulated to Board members or whether one of the ballot drafts should be used for this purpose.

3.32 A draft for editorial review has a limited purpose. It does not constitute, nor is it a substitute for, a formal step in the due process. ~~Rather, it is an editorial 'fatal flaw' review in which reviewers are asked for feedback on whether the draft document is clear and reflects the technical decisions made by the IASB. A draft for editorial review does not include an invitation to comment because the purpose of such a review is not to question the technical decisions.~~ Rather, it is an editorial review in which reviewers are asked for feedback on whether the document contains any internal inconsistencies or inconsistencies with, and whether it clearly describes:

(a) the requirements for a Standard or IFRIC Interpretation;

(b) the proposed requirements for an exposure draft; and

(c) the matters considered by the Board and the Board's preliminary views for a discussion paper.

Because reviewers are conveying their personal views rather than those of their organisations, their comments are not usually made public.

3.33 It is not a mandatory step to use reviewers from outside of the Board ~~but;~~ if the Board does use them, it ~~must include in its report~~ reports to the DPOC the extent to which they were used.

Information on the IFRS Foundation website

3.34 The IFRS Foundation website is the platform that communicates the due process of the Board and the Interpretation Committee.

~~The work programmes of the IASB and its Interpretations Committee are usually maintained on the IFRS Foundation website. The work programmes should be updated periodically to reflect the best estimates of project time lines based on recent IASB decisions.~~

3.35 All public materials, including those related to due process, are freely available on the IFRS Foundation website. These materials include: the Board and the Interpretations Committee work plan, meeting schedules and agendas; public papers; summaries and recording of meetings; comment letters; and material that supports the consistent application of IFRS Standards, such as webcasts. The work plan is updated periodically to reflect estimated project time lines based on recent Board and Interpretations Committee decisions. The IFRS Foundation website also includes materials relating to consultative group meetings.

~~3.35~~3.36 Each project ~~will usually have~~ has its own project page to ~~ensure that the progress of the project is communicated~~ communicate progress on that project.

~~3.36~~3.37 Publications and information related to the ~~IASB's due process are~~ DPOC's work are freely available on the IFRS Foundation website. ~~Such information may include, but is not limited to, past webcasts, comment letters submissions and meeting schedules.~~

Education sessions, small group meetings and assigned Board members

~~3.37~~3.38 In addition to public decision-making meetings, the Board sometimes holds education sessions and small group meetings.

Education sessions

~~3.38~~3.39 Education sessions are sometimes held before Board meetings to give Board members a chance to ~~clarify~~ seek clarification about points in the papers and discuss details of approaches or disagreements with the technical staff in advance of the decision-making meeting. Education sessions are open to the public and follow the same principles of transparency that apply to a normal Board meeting.

Private and small group meetings

~~3.39~~3.40 Board members may meet privately to discuss technical issues, sometimes at the request of the technical staff. Small group meetings ~~must not~~ cannot undermine the principle that full and open consideration of technical issues ~~must~~ take place during public meetings. The number of Board members attending a small group meeting is restricted to ensure that the Board members attending could not form a potential blocking minority for balloting (see paragraph 3.15).

~~*Assigned IASB members*~~ *Board advisors*

~~3.40~~3.41 All Board and Interpretations Committee members are responsible for the decisions they make in developing and issuing IFRS Standards and IFRIC Interpretations. For major projects, ~~the Chair of the IASB usually assigns~~ specific Board members are typically assigned to the project as Board advisors. ~~Assigned IASB members~~ Board advisors provide strategic and technical advice on the project to the technical staff ~~on the adequacy and clarity of the analysis presented in drafts of technical Staff Papers to ensure that sufficient information necessary for the IASB to make technical decisions is presented~~. However, the recommendations made in ~~technical~~ staff papers do not necessarily reflect the views of the ~~assigned IASB members~~ Board advisors and the technical staff has ultimate responsibility for the staff papers and ~~the~~ their recommendations ~~therein~~. The number of Board advisors is restricted to ensure that the Board members attending could not form a potential blocking minority for balloting (see paragraph 3.15).

Full and fair consultation

~~3.41~~3.42 The Board operates on the principle that wide consultation with ~~interested and affected parties~~ its stakeholders enhances the quality of IFRS Standards. This consultation can be carried out through various means including, but not limited to~~,~~ invitations to comment, individual meetings or fieldwork. Some consultation procedures are mandatory. Other procedures are not mandatory but ~~must be~~ are considered by the Board and, if it is decided that the process is not necessary, the Board ~~must give~~ gives the DPOC its reasons for not taking that step.

Minimum safeguards

~~3.42~~3.43 ~~There are some steps that the~~ The Board and ~~its~~ the Interpretations Committee ~~must~~ are required to follow some steps before they can issue an IFRS Standard or an IFRIC Interpretation. These steps are designed to be the minimum safeguards to ~~protect the~~ ensure integrity of the standard-setting ~~process~~.

~~3.43~~3.44 The due process steps that are mandatory include:

(a) debating any proposals in one or more public meetings;

(b) exposing for public comment a draft of any proposed new IFRS Standard, proposed amendment to a Standard or proposed IFRIC Interpretation—with minimum comment periods;

(c) considering in a timely manner ~~those~~ comment letters received on the proposals;

(d) considering whether the proposals should be exposed again;

(e) reporting to the Accounting Standards Advisory Forum (ASAF) and the Advisory Council on the ~~technical programme~~ work plan, major projects, project proposals and work priorities; and

(f) ~~ratification of an Interpretation by the IASB~~ deciding in a public Board meeting whether to ratify an Interpretation.

‘Comply or explain’ steps

~~3.44~~3.45 Other steps ~~are~~ specified in the *Constitution* ~~that~~ are not mandatory. They include:

(a) publishing a discussion document (for example, a discussion paper) before an exposure draft is developed;

(b) establishing consultative groups or other types of specialist advisory groups;

(c) holding public hearings; and

(d) undertaking fieldwork.

~~3.45~~3.46 If the Board decides not to undertake those non-mandatory steps, it ~~must inform~~ informs the DPOC of its decision and reasons for not undertaking the steps. Those explanations are also published in ~~the decision summaries and in~~ the basis for conclusions published with the exposure draft or IFRS Standard in question.

Investors

~~3.46~~3.47 The Board is responsible for developing ~~financial reporting~~ IFRS Standards that serve investors and other market participants in making informed resource allocation and other economic decisions. ~~The IASB is also responsible for the content of the IFRS Taxonomy.~~

~~3.47~~3.48 Investors, and investment intermediaries such as analysts, tend to be under-represented as submitters of comment letters and, therefore, the Board ~~must therefore take~~ takes additional steps to consult investors ~~on proposals for new Standards or major amendments to Standards~~ throughout standard-setting. These additional steps could include surveys, private meetings, webcasts and meetings with representative groups, such as the Capital Markets Advisory Committee. Feedback from this ~~focused~~ consultation with investors is summarised in a ~~technical~~ staff paper and is considered and assessed along with comment letters. The reporting of this feedback will be as transparent as possible, while respecting requests for confidentiality.

~~3.48~~3.49 As a project progresses, the Board reports on how it has consulted with investors, and their intermediaries, in staff papers, the project pages on the IFRS Foundation website and in reports to the DPOC. The DPOC receives this information in the periodic technical update report and the review of due process at the end of a project (see paragraph 2.12). The Board needs to be satisfied that it has gathered sufficient information from investors ~~so that it is able~~ to make informed decisions about the proposed new requirements.

A national and regional network

~~3.49~~3.50 The Board is supported by a network of national accounting standard-setting bodies and regional bodies ~~involved with accounting standard-setting~~. In addition to performing functions within their mandates, ~~national accounting standard-setting bodies and regional bodies involved with accounting standard-setting~~ such bodies can undertake research, provide guidance on the Board's priorities, facilitate ~~and~~ or co-operate on outreach, encourage stakeholder input from their own jurisdictions into the Board's due process and identify emerging issues.

~~3.50~~3.51 The Board shares information with and consults ~~with the~~ ASAF. In addition, it shares information with and consults ~~with~~ international and regional bodies such as the International Forum of Accounting Standard Setters ~~(IFASS)~~, the Asian-Oceanian Standard-Setters Group ~~(AOSSG)~~, the Group of Latin American Standard-setters ~~(GLASS) and the~~, the European Financial Reporting Advisory Group ~~(EFRAG)~~ and the Pan African Federation of Accountants as well as jurisdictional (national) standard-setters. Board members meet with representatives of these regional and national bodies. Close co-ordination between the Board's due process and the due process of other accounting

standard-setters is important to achieving the ~~objectives of the IASB~~ Board's objectives.

~~3.51~~3.52 Consultation activities extend beyond interaction with accounting standard-setters. The Board interacts with a wide range of interested parties throughout a project, which can include practical business analysis by way of fieldwork. The Board also ~~has a liaison~~ liaises with the International Auditing and Assurance Standards Board ~~(IAASB)~~, which comments on auditability issues of proposed new IFRS Standards and amendments to Standards. Board members and technical staff also regularly hold educational sessions, attend meetings and conferences of interested parties, invite interested organisations to voice their views, and announce major events of the ~~organisation~~ IFRS Foundation on the IFRS Foundation website.

~~3.52~~3.53 ~~Consultation takes place throughout the due process cycle~~The Board consults throughout standard-setting, ~~with the purpose of promoting~~ to promote cooperation and communication between the Board and parties interested in standard-setting.

IFRS Advisory Council

~~3.53~~3.54 The Advisory Council provides broad strategic advice to the Board and the Trustees on the Board's ~~technical agenda~~ work plan, project priorities, ~~project issues related to~~ and strategic issues related to the application and implementation of IFRS Standards ~~and possible benefits and costs of particular proposals~~. The Advisory Council also serves as a sounding board for the Board and can be used to gather views that supplement the normal consultative process. When the Board is considering adding ~~projects for either new Standards or major amendments to Standards to its standard-setting programme, it presents its proposals for these projects to the~~ a major project to its work plan not contemplated in the previous agenda consultation, it consults the Advisory Council (see paragraph 4.6). The Board also presents updates to the Advisory Council on its ~~research and standard-setting work programmes~~ work plan periodically.

Securities and other regulators

~~3.54~~3.55 The Board is responsible for developing high quality, understandable and enforceable standards that improve the transparency and integrity of financial statements ~~global financial reporting standards that are enforceable~~. The Board is also responsible for ~~the content of the~~ an IFRS Taxonomy that can support securities regulators in ~~their work on~~ facilitating digital access to general purpose financial reports.

~~3.55~~3.56 To achieve this ~~it is important that~~ the Board 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~~3.57 Financial information prepared in accordance with the Standards 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~~3.58 ~~The IASB is aware that prudential supervisors rely on financial reports for some of their functions. To assist prudential supervisors,~~ In that context the Board ~~keeps~~ maintains an enhanced dialogue with such authorities, particularly through the Financial Stability Board and the ~~Bank of International Settlements~~ Bank for International Settlements.

Consultative groups

~~3.58~~3.59 ~~The IASB~~ The IFRS Foundation usually establishes a consultative group for each of ~~its~~ the Board's major projects, such as a specialist or expert advisory group. Consultative groups give the Board access to additional practical experience and expertise.

~~3.59~~3.60 Once a project is added to the Board's standard-setting programme ~~it must consider~~ the Board considers whether ~~it should establish a consultative group for the project~~ a consultative group is established for a project. It is not mandatory to have such a group, but if the Board decides not to do so, it ~~must explain why~~ explains that decision on the project page and ~~inform~~ informs the DPOC. The composition of a consultative group should reflect the purpose for which the group is being formed, bearing in mind the need to ensure that it draws on a diverse ~~and broad~~ and geographically balanced membership. The composition of a consultative group may change over time reflecting the need for different types of expertise at different stages of a project. ~~The IASB would normally advertise for nominations and applications via its website, but it can also approach parties directly.~~

3.61 ~~The IASB~~ The IFRS Foundation may also establish or host specialist advisory groups whose membership reflects a particular sector, such as investors or preparers, that meet regularly to provide advice on a wide range of topics rather than on a specific project. ~~The DPOC reviews the proposed composition of each group to ensure that there is a satisfactory balance of perspectives, including geographical balance.~~

3.62 The IFRS Foundation normally advertises for nominations and applications to its consultative groups (whether a project-specific consultative group or a specialist advisory group) via its website, but it may also approach parties directly. The DPOC reviews the proposed composition of each group to ensure a satisfactory balance of perspectives, including geographical balance.

~~3.60~~3.63 Each consultative group ~~should have~~ has terms of reference, setting out the objectives of the group, ~~the expectations that the IASB has of~~ the Board's expectations of the members and the responsibilities of the Board to that group. The Board could have more than one consultative group on a project, for example, to provide advice on a particular aspect of a proposed IFRS Standard or PIR.

~~3.61~~3.64 Once work on ~~the~~ a project starts, the consultative group for that project should be consulted when the technical staff ~~consider that it would be beneficial to the project to do so~~ decide that doing so would benefit the project. The technical staff should provide group members with regular updates on the progress of the project and provide the Board with feedback on the ~~work of the group~~ group's work.

~~3.62~~3.65 Meetings of ~~the IASB~~ consultative groups are normally open to the public and chaired by a Board member or by a member of the technical staff, however consultative groups may meet in private. ~~Any papers that are~~ Papers discussed by the consultative group are made publicly available. Members of the public may attend meetings to observe. Meetings are recorded and, where possible, broadcast live via webcast. Recordings of meetings are made available on the IFRS Foundation website. If the Board ~~decides~~ decided that a particular meeting of a consultative group should be ~~in~~ private, a summary of each such meeting would usually be posted on the relevant project page.

~~3.63~~3.66 All consultative groups are reviewed by the ~~technical~~ IFRS Foundation staff each year to assess whether each group is continuing to serve the function for which it was established and whether~~, if that is the case,~~ the membership should remain the same. The outcome of the review is presented to the Board and the DPOC.

Comment letters

~~3.64~~3.67 Comment letters play a pivotal role in the ~~deliberations process of both the IASB and its Interpretations Committee,~~ Board and the Interpretations Committee deliberations because ~~they~~ the letters provide considered and public responses to a formal consultation.

~~3.65~~3.68 All comment letters received by the Board 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~~ if the letter potentially breached securities disclosure laws.

~~3.66~~3.69 When considering comment letters, the Board assesses the matters raised and the related explanations and evidence provided by respondents. It is the strength of the analysis provided in comment letters, and the evidence supporting the analysis, that is important. An analysis of the type of respondent and their geographical origin can help the Board assess whether there are any areas or types of respondent for which additional outreach might be appropriate. For some technical matters it can be helpful if the technical staff provide the Board with an analysis of the extent to which the views of particular sectors are shared or divided—for example, the extent to which investors have a common view or whether views differ between the types of respondent or regions.

Fieldwork

~~3.67~~3.70 The Board and the technical staff sometimes use fieldwork to gain a better understanding of how a proposal is likely to affect those who use and apply IFRS Standards.

~~3.68~~3.71 Fieldwork can be undertaken in different ways, including one-to-one visits or interviews with preparers, auditors, regulators or investors who are likely to be affected by the proposals. It can also include workshops where several such parties are brought together or experiments to assess how the proposals might be interpreted or applied.

~~3.69~~3.72 Fieldwork may include:

(a) ~~having~~ asking participants to assess how the proposals would apply to actual transactions or contracts;

(b) ~~having~~ asking preparers or users to complete case studies;

(c) ~~undertaking experiments to assess~~ assessing how users process information; or

(d) assessing how systems are likely to be affected.

Fieldwork may also include gathering examples ~~from practice~~ to help the Board gain a better understanding of industry practices and how proposed IFRS Standards could affect them. It is likely that some fieldwork will be undertaken on ~~all standards-level projects to develop or amend Standards~~ each standard-setting project, ~~other than~~ except for minor or narrow-scope amendments. The Board and the technical staff will need to assess which, if any, activities are appropriate and proportionate for a ~~particular~~ project, ~~taking into consideration~~ weighing the costs of the activity and what the Board is likely to learn from the fieldwork.

~~3.70~~3.73 Undertaking fieldwork is not mandatory, but if the Board decides not to do so, it ~~must explain~~ explains why to the DPOC and on the project page on the IFRS Foundation website.

~~3.71~~3.74 Feedback from any fieldwork, public hearings or other outreach is summarised in a technical staff paper and assessed by the Board along with the comment letters.

Public hearings

~~3.72~~3.75 In addition to inviting comment letters to seek views and suggestions, the Board ~~often considers holding~~ may hold public hearings with interested organisations to listen to, and exchange views on, specific topics. Public hearings include round-table meetings and discussion forums. Round-table meetings are primarily consultative, providing participants with the opportunity to present and discuss their analysis of ~~the~~ Board proposals. Discussion forums tend to have more of an educational focus, with Board members or technical staff explaining the Board's proposals before discussing them with the participants.

Accountability

Effect Analysis

~~3.73~~3.76 The Board is committed to assessing and ~~sharing knowledge~~ explaining its views about the likely costs of implementing proposed new requirements and the likely ongoing associated costs and benefits of each new IFRS Standard—the costs and benefits are collectively referred to as *effects*. The Board gains insight on the likely effects of the proposals for new or ~~revised~~ amended Standards through its formal exposure of proposals and through its fieldwork, analysis and consultations with relevant parties ~~through outreach activities~~. The likely effects are assessed:

(a) in the light of the Board's objective of financial reporting transparency; and

(b) in comparison to the existing financial reporting requirements.

~~3.74~~3.77 ~~The IASB will assess the likely effects throughout the development of a new or amended Standard. In particular, the IASB's views on the likely effects are approved by the IASB and presented as part of, or with, the Basis for Conclusions that is published with each Exposure Draft and Standard.~~ The process of assessing the likely effects is intrinsic to the development of financial reporting requirements. Therefore, the Board assesses the likely effects throughout the development of a new or amended IFRS Standard, tailoring its assessment to the stage of the process of developing the new or amended Standard. For example, at the research phase, the Board focuses on assessing the nature of the financial reporting deficiency being addressed, seeks to define the problem and proposes possible solutions, focusing particularly on the likely benefits of developing new financial reporting requirements. At the standard-setting phase, the Board is developing a specific proposal for a new or amended Standard. Accordingly, the Board focuses on assessing the potential costs and benefits of implementing that proposal, and on assessing any alternatives. The Board tailors the level of analysis to the nature of the proposed change to financial reporting.

3.78 When the Board undertakes a PIR it has an opportunity to understand the effects of the change in financial reporting by comparison to those identified by the Board when it issued the new requirements.

~~3.75~~3.79 ~~In forming its judgement on the evaluation of the likely effects, the IASB considers issues such as:~~ In assessing the likely effects, the Board focuses on assessing how financial statements are likely to change because of the new financial reporting requirements, whether those changes will improve the quality of financial statements and whether those changes are justifiable. The Board considers matters such as:

(a) how the proposed changes are likely to affect ~~how activities are reported~~ the reporting of activities in the financial statements of those applying IFRS Standards~~;~~.

(b) how those proposed changes ~~improve~~ are likely to affect the comparability of financial information between different reporting periods for an individual entity and between different entities in a particular reporting period~~;~~.

(c) how the proposed changes ~~will improve the user's ability~~ are likely to affect the ability of a user of financial statements to assess the future cash flows of an entity~~;~~.

(d) how the ~~improvements~~ proposed changes to financial reporting ~~will result in better~~ are likely to affect economic decision-making~~;~~.

(e) the likely effect on compliance costs for preparers, both on initial application and on an ongoing basis~~; and~~.

(f) ~~how~~ the likely effects on the costs of analysis for users of financial statements (including the costs of extracting data, identifying how the data has been measured and adjusting data for the purposes of including them in, for example, a valuation model) ~~are affected~~. The Board should ~~take into account~~ considers the costs incurred by users of financial statements when information is not available and the comparative advantage that preparers have in developing information, when compared with the costs that users would incur to develop surrogate information.

~~3.76~~3.80 IFRS Standards provide high-quality, transparent and comparable financial information about individual entities, which can enhance financial stability in the global economy. The Board has regard to effects on financial stability when assessing the effects of new financial reporting requirements where relevant. While it is generally impossible to quantitively assess the possible broader economic consequences of new financial reporting requirements, the Board may assess specific economic effects where relevant. The Board is not required to make a formal quantitative assessment of the overall effect of a new or amended Standard. Initial and ongoing costs and benefits are likely to affect different parties in different ways.

~~The analysis is not expected to include a formal quantitative assessment of the overall effect of a Standard. Initial and ongoing costs and benefits are likely to affect different parties in different ways. The level of analysis is tailored to the type of changes proposed, with more analysis undertaken for new Standards and major amendments.~~

Reporting the effects

3.81 The Board explains its views on the likely effects at each stage of the development of a new or amended IFRS Standard. The level and format of the analysis is tailored and reflects the nature of the change to financial reporting and the stage of development. For instance, in the research phase, an analysis of the perceived financial reporting deficiency being addressed and the possible solutions are an integral part of the discussion paper. In the standard-setting phase, the Board explains why it is proposing a particular change to financial reporting requirements, including referring to the evidence it has collected and any outreach it has undertaken, in the basis for conclusions to

the exposure draft. When a major Standard is issued, the Board issues a separate effect analysis report that summarises the likely effects and how the Board made its assessments. This report is included as part of the documents accompanying the Standard balloted by the Board. For other new requirements, the Board presents its views as part of the basis for conclusions accompanying the new requirements.

Basis for conclusions and dissenting opinions

~~3.77~~3.82 In the basis for conclusions the Board explains the rationale behind the decisions it reached in developing or changing an IFRS Standard. The basis for conclusions also includes the Board's responses to comments received when the proposals were exposed.

~~3.78~~3.83 The Board does not operate as a consensus body. A decision to issue an exposure draft or IFRS Standard requires a supermajority (see paragraph 3.14). Board members who disagree with the proposals or the final Standard are required to explain why they have a dissenting opinion. Such dissenting opinions are published with the basis for conclusions.

~~3.79~~3.84 When a Board member dissents they are voting against the exposure draft or IFRS Standard as a whole. A Board member cannot dissent from one part of a document but still vote to issue that document.

~~3.80~~3.85 Throughout the development of an IFRS Standard there may be decisions with which individual Board members disagree. However, disagreeing on a matter does not mean the Board member ~~dissents to~~ will dissent from the whole document. The test for Board members is whether they think that the new requirements will improve financial reporting, taking into account the likely effects of those requirements. The hurdle to dissenting is deliberately high.

~~3.81~~3.86 The dissent itself should address only those matters that caused the Board member to vote against the document as a whole. Board members should avoid using the dissent to express dissatisfaction with other parts of the document that, taken on their own, would not have caused the Board member to vote against issuing the document.

Technical work ~~programme~~ plan

4.1 The technical ~~work programme~~ work plan is the ~~suite~~ group of projects ~~that~~ the Board and ~~its~~ the Interpretations Committee manage. The technical ~~work programme~~ work plan focuses on projects and activities that are steps toward possible publications by the Board, including research papers, ~~and~~ discussion papers, requests for information, ~~PIRs,~~ exposure drafts, an IFRS Standard, a draft IFRIC Interpretation, a final IFRIC Interpretation and PIRs. The technical ~~work programme~~ work plan is updated regularly and is available on the IFRS Foundation website, which also includes estimates of project time lines reflecting recent Board decisions.

4.2 Board technical activities incorporate a wide range of activities, and may also include financial reporting research; updates and revisions to the *Conceptual Framework for Financial Reporting*, the implementation, and maintenance ~~and PIRs~~ of IFRS Standards~~; and updates and revisions to the *Conceptual Framework*, the Education Initiative~~ , PIRs, and the IFRS Taxonomy.

Five-yearly consultation on the Board's ~~work programme~~ work plan (Technical agenda)

4.3 The Board ~~is required to undertake~~ undertakes a public consultation on its ~~work programme~~ 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 programme~~ 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 programme~~ work plan, including the criteria for assessing projects that may be added to the Board's ~~standards-level programme~~ work plan. The review could also seek views on financial reporting issues that respondents think should be given priority by the Board, together with any proposals to withdraw from the Board's ~~work programme~~ work plan any projects that have not proceeded as planned and for which the prospects for progress are limited. The Board's discussion of potential projects to be added to its work plan takes place in public Board meetings. ~~Section 5 details how a project is added to the IASB's standards-level programme.~~

4.4 ~~In addition to~~ As part of the public consultation, the Board ~~must consult~~ consults the Advisory Council.

4.5 ~~The~~ In line with paragraph 15(d) of the *Constitution*, the Board ~~must keep~~ keeps the Trustees informed, through the DPOC, of its five-yearly consultation and how the Board 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 its work plan or change its priorities between consultations in response to changing circumstances. However, before adding a major project to its 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 its work plan takes place in public Board meetings.

4.7 For minor or narrow-scope amendments to the Standards, including *annual improvements*, the Board is not required to consult the Advisory Council or ASAF before adding a project to its work plan because such amendments are part of the implementation or maintenance of the Standards.

Research programme

~~4.6~~4.8 New financial reporting requirements developed by the Board should ~~be designed to~~ address problems identified with the existing requirements. Sometimes a problem identified with current financial reporting can be remedied with a relatively minor amendment to an IFRS Standard. In other cases, the problem might require a more significant change to financial reporting requirements, such as a major change to a Standard or the development of a new Standard. Consequently, the first step in developing a new financial reporting requirement is to assess and define the problem within the existing reporting practice. For how the Board assesses the likely effects at this stage of a project see paragraph 3.77.

~~4.7~~4.9 The purpose of the Board's research programme is to analyse possible financial reporting problems by collecting evidence on the nature and extent of the perceived shortcoming and assessing potential ways to improve financial reporting or to remedy a deficiency. This analysis will help the Board decide whether it should ~~add to its~~ undertake a standard-setting ~~programme a~~ project to develop a proposal for a new IFRS Standard or to amend or replace an Standard. The research programme also includes the consideration of broader financial reporting issues, such as how financial reporting is evolving, to encourage international debate on financial reporting matters.

~~4.8~~4.10 To help the Board in developing its ~~work programme~~ work plan, technical staff are asked to identify, review and raise issues that might warrant the Board's attention. New issues may arise from the five-yearly ~~review of the~~ consultation on the technical ~~work programme~~ work plan or a change to the Board's *Conceptual Framework*. In addition, the Board raises and discusses potential topics in the light of comments from ~~the~~ ASAF, other standard-setters and other interested parties, the Advisory Council and the Interpretations Committee, as well as technical staff research and other recommendations.

~~4.9~~4.11 The Board and the technical staff are not expected to undertake all of the activities on its research programme. ~~It is important to the IASB that others~~ The Board may ask others, such as national accounting standard-setting bodies and regional bodies associated with accounting standard-setting or regional financial reporting bodies, academics and other interested parties, to participate in these activities. The Board will, however, need to provide clear direction on which issues ~~it is interested in~~ to focus on and what its expectations are of ~~those other parties~~ the parties with whom it consults.

~~4.10~~ ~~The IASB should maintain an up-to-date summary of its research programme and its priorities on the IFRS Foundation website. The IASB should identify those financial reporting issues for which it is developing proposals, the consideration of which might result in standards-level projects, as well as those areas where it is seeking to learn more about the issues but does not anticipate developing a proposal in the short term.~~

~~4.11~~ ~~The IASB provides the Advisory Council with an update of its research programme at each meeting of the Advisory Council, enabling Advisory Council members to provide feedback on the programme.~~

Research papers, discussion papers and requests for information

4.12 The main output of the research programme is expected to be discussion papers and *research papers*. Discussion papers and research papers are designed to elicit comments from interested parties that can help the Board decide whether to add a standard-setting project to its ~~standard-setting programme~~ work plan. Discussion papers and research papers typically include a comprehensive overview of the ~~issue~~ issues, possible approaches to addressing the ~~issue~~ issues, the preliminary views of ~~its authors or~~ the Board and an invitation to comment.

4.13 Discussion papers are issued by the Board and present the analysis and collective views of the Board on a particular topic, although the discussion will reflect and convey any differences in Board members' views. The matters presented will have been discussed in public meetings of the Board. ~~Discussion Papers do not contain a Basis for Conclusions or any dissenting opinions. The discussion itself should reflect and convey differences in views of the IASB members.~~

4.14 Research papers are also issued by the Board but are ~~generally~~ prepared by the technical staff ~~or by those who have been seconded to the technical staff to develop the paper~~. Research papers may also be prepared by other standard-setters or bodies, normally at the request of the Board. A research paper issued by the Board should include a clear statement of the extent of the Board's involvement in the development or endorsement of that paper. In some cases the Board will not have discussed the paper in a public meeting and will not, therefore, have developed any views on the matters set out in the paper.

4.15 Requests for information are formal requests by the Board for information or feedback on a matter related to technical projects or broader consultations. Examples of appropriate topics for a request for information include seeking ~~input on its five-yearly agenda consultation or~~ comment on the Board's work plan every five years, PIRs, or help in assessing the practical implications of a potential financial reporting requirement.

Publication of discussion papers, requests for information and research papers

4.16 ~~Discussion Papers are balloted by the IASB.~~ The Board ballots discussion papers. Before the Board asks the technical staff to prepare a discussion paper for ballot, the Board ~~must be satisfied~~ confirms that it has completed all of the steps ~~that are~~ necessary to ensure that the discussion paper is likely to meet its purpose. Research papers and requests for information require the support of a simple majority of the Board, with approval ~~being~~ given in a public meeting.

4.17 The Board normally allows at least 120 days for comment on a discussion paper, a research paper, and requests for information on the ~~work programme~~ work plan (see paragraph 4.3) ~~and PIRs~~ or a PIR (see ~~paragraph 6.55~~ paragraph 6.58). For other requests for information, the Board normally allows a minimum ~~period~~ of 60 days for comment. If the

information request is narrow in scope and urgent the Board may set a shorter period and need not consult the DPOC before doing so.

4.18 Discussion papers, requests for information and research papers are posted on the IFRS Foundation website.

4.19 Comment letters that are received are also posted on the website. Once the comment period for a discussion paper ends the project team analyses and summarises the comment letters and provides that analysis and summary to the Board.

Conceptual Framework

4.20 ~~One of the standing activities of the IASB is its work on~~ The Board maintains the *Conceptual Framework*. The *Conceptual Framework* describes the objective of and concepts for general purpose financial reporting. It is a practical tool that helps the Board to develop requirements in IFRS Standards based on consistent concepts.

4.21 ~~The IASB provides the Advisory Council with an update of work it is undertaking on the *Conceptual Framework* at Advisory Council meetings.~~ Proposals to change the *Conceptual Framework* are developed and exposed by the Board in the same way that it exposes proposed changes to IFRS Standards, with similar comment periods.

4.22 The Board might decide to publish a discussion paper as a first step to revising part of the *Conceptual Framework*, although this is not a requirement.

4.23 The Board might need to consider whether any IFRS Standards should be amended to reflect revisions to the *Conceptual Framework*. However, amending a Standard is not an automatic consequence of such revisions. Changes to Standards ~~are made to~~ address deficiencies in financial reporting. Any changes to the *Conceptual Framework* that highlight inconsistencies in the Standards ~~must be~~ are considered by the Board in the light of other priorities when developing its ~~work programme~~ work plan.

Paragraphs 5.20 and 5.21 have not been deleted but have been moved to paragraphs 7.6 and 7.7.

5. ~~Standards-level~~ Standard-setting projects

5.1 In considering whether to add a standard-setting project to the ~~standards level programme~~ work plan, the Board or the Interpretations Committee requires the development of a specific project proposal and an assessment against the project criteria outlined ~~below~~ in paragraph 5.4. That consideration will include whether the proposal is for a comprehensive project to develop a new IFRS Standard or ~~major amendments to existing Standards~~ major amendment to a Standard (see ~~paragraphs 5.4–5.13~~ paragraphs 5.4–5.12), or a narrow-scope project for the purposes of implementation and maintenance (see ~~paragraphs 5.14–5.22~~ paragraphs 5.13–5.19).

5.2 The primary objective of a project proposal is to help the Board to manage its resources effectively and ~~to help it~~ to prioritise its ~~standards-level~~ standard-setting work. The Board distinguishes between major and narrow-scope projects in its planning to help reduce the risk of committing resources to a project when other projects should have a higher priority. ~~For major projects the IASB is required to consult with other bodies, including the Advisory Council and ASAF, to provide the IASB with additional input into establishing priorities.~~

5.3 ~~All proposed new Standards, amendments to Standards, or Interpretations~~ A proposed new IFRS Standard, an amendment to a Standard, or an IFRIC Interpretation are exposed for public comment. Accordingly, if potential respondents believe that the Board has failed to establish the need for improvements to an area of financial reporting they will have opportunities to express their views during the consultation process.

Criteria for new IFRS Standards or major amendments

5.4 The Board evaluates the merits of adding a potential ~~item~~ project to its ~~work programme~~ work plan primarily on the basis of the needs of users of financial reports, while also taking into account the costs of preparing the information in financial reports. When deciding whether a proposed agenda item will address users' needs, the Board considers:

(a) whether there is a deficiency in the way particular types of transactions or activities are reported in financial reports;

(b) the importance of the matter to those who use financial reports;

(c) the types of entities likely to be affected by any proposals, including whether the matter is more prevalent in some jurisdictions than others; and

(d) how pervasive or acute a particular financial reporting issue is likely to be for entities.

5.5 The Board considers adding ~~topics to its standards-level programme~~ a standard-setting project to its work plan after considering any research it has undertaken on the topic. The Board would normally put together a proposal to develop a new IFRS Standard or to make major amendments to a Standard only after it has published a discussion paper and considered the comments it received from that consultation. Publishing a discussion paper before adding a ~~standards-level~~ major standard-setting project to its agenda is not a requirement, ~~but the IASB must be~~ if the Board proceeds without a discussion paper it is because it is satisfied that it has sufficient information and understands the problem and the potential solutions well enough ~~to proceed without a Discussion Paper~~. The Board might conclude that a discussion paper is not necessary because it has sufficient input from a research paper, request for information or other research to proceed directly to an exposure draft. The reasons for not publishing a discussion paper need to be set out by the Board and reported to the DPOC.

5.6 The Board's discussion of potential projects and its decisions to adopt new projects take place in public Board meetings. ~~Before reaching such decisions, the IASB consults its Advisory Council, ASAF and accounting standard-setting bodies on proposed agenda items.~~ The Board's approval to add ~~agenda items~~ standard-setting projects to its work plan, as well as its decisions on their priority, is by a simple majority vote at a Board meeting.

5.7 The Board should ~~only~~ add a project only if it ~~considers~~ decides that the benefits of the improvements to financial reporting will outweigh the costs.

~~5.8 Minor or narrow-scope amendments to Standards, including *Annual Improvements*, do not need to follow this formal consultation process before being added to the standards-levels programme because such amendments are part of the implementation or maintenance of Standards. However, the Advisory Council should be informed of any proposed additions of minor or narrow-scope amendments to the standards-level programme.~~

Issues referred by the Monitoring Board

~~5.9~~ 5.8 The Monitoring Board may refer technical financial reporting matters to the Trustees and the ~~IASB~~ Chair of the Board. The Monitoring Board's consensus-based decision-making ~~process limits the invocation of such an action~~ limits such actions to extremely rare and urgent cases where all Monitoring Board members agree that a technical financial reporting matter warrants referral.

~~5.10~~ 5.9 The Trustees and the ~~IASB~~ Chair of the Board are required to ensure that any such referral is addressed in a timely manner. Such referrals do not need to follow the formal consultation process set out in ~~paragraphs 5.1–5.6~~ paragraph 4.6 and paragraphs 5.1–5.7.

~~5.11~~ 5.10 The Board, together with the Trustees, ~~must report~~ reports to the Monitoring Board, usually within 30 days but sooner if the matter is more urgent, those steps it is taking to consider the referral.

~~5.12~~ 5.11 If the Board decides not to take up the referred issue, the Board ~~must explain its position~~ explains to the Trustees and the Monitoring Board why addressing the matter by amending an IFRS Standard would be inconsistent with the standard-setting responsibilities established in the *Constitution*.

~~5.13~~ 5.12 In all cases, it is understood that the Monitoring Board will neither influence the decision-making ~~process~~ nor challenge the decisions made by the Board with regard to its standard-setting.

Implementation and maintenance

Identification of matters

5.13 The Board and the Interpretations Committee work together in supporting the consistent application of IFRS Standards. They do so by, among other things, issuing narrow-scope amendments to the Standards, issuing IFRIC Interpretations and publishing agenda decisions to address application questions. The Board and Interpretations Committee seek to achieve a balance

between maintaining the principle-based nature of the Standards and adding or changing requirements in response to emerging application questions.

~~5.14~~ ~~The IASB and the Interpretations Committee are responsible for the maintenance of IFRSs. Issues could include the identification of divergent practices that have emerged for accounting for particular transactions, cases of doubt about the appropriate accounting treatment for a particular circumstance or concerns expressed by investors about poorly specified disclosure requirements.~~

5.14 Some Board members attend each Interpretations Committee meeting and a report of each Interpretations Committee meeting is presented to the Board at a public meeting.

5.15 Stakeholders are encouraged to submit application questions to the Interpretations Committee when they view it as important that the Board or the Interpretations Committee address the matter. The Interpretations Committee often consults on questions submitted to it with national accounting standard-setting bodies and regional bodies involved with accounting standard-setting.

~~5.15~~ ~~The objectives of the Interpretations Committee are to interpret the application of IFRSs, provide timely guidance on financial reporting issues that are not specifically addressed in the IFRSs and undertake other tasks at the request of the IASB. The IASB and the Interpretations Committee share a common view on the role that the Interpretations Committee should play: both bodies see the Interpretations Committee as working in partnership with the IASB to give guidance that responds to the implementation needs of those applying IFRSs. Both bodies also see the importance of achieving a balance between the principle-based approach of IFRS and providing guidance with sufficient detail to ensure that it is useful and practical.~~

5.16 The Interpretations Committee adds a project to the standard-setting agenda when all the following criteria are met:

(a) the matter has widespread effect and has, or is expected to have, a material effect on those affected;

(b) it is necessary to add or change requirements in IFRS Standards to improve financial reporting—ie the principles and requirements in the Standards do not provide an adequate basis for an entity to determine the appropriate accounting;

(c) the matter can be resolved efficiently within the confines of the existing Standards and the *Conceptual Framework*; and

(d) the matter is sufficiently narrow in scope that the Interpretations Committee can address it in an efficient manner, but not so narrow that it is not cost-effective for the Interpretations Committee and stakeholders to undertake the due process required to change a Standard.

~~5.16~~ ~~All parties with an interest in financial reporting are encouraged to refer issues such as those listed in paragraph 5.14 to the Interpretations Committee when they believe that it is important that the matter is addressed by the IASB or the Interpretations Committee. The Interpretations Committee normally consults on issues that are referred to it with national accounting standard-setting bodies and regional bodies involved with accounting standard-setting. The Interpretations Committee should address issues:~~

~~(a) that have widespread effect and have, or are expected to have, a material effect on those affected;~~

~~(b) where financial reporting would be improved through the elimination, or reduction, of diverse reporting methods; and~~

~~(c) that can be resolved efficiently within the confines of existing IFRSs and the *Conceptual Framework for Financial Reporting*.~~

~~5.17~~ ~~The issue should be sufficiently narrow in scope that it can be addressed in an efficient manner by the Interpretations Committee, but not so narrow that it is not cost-effective for the Interpretations Committee and interested parties to undertake the due process that would be required when making changes to IFRSs.~~

5.17 A simple majority of Interpretations Committee members present decides, after a debate in a public meeting, whether to add a project to the standard-setting agenda.

~~5.18~~ ~~A simple majority of Interpretations Committee members present can decide, after a debate in a public meeting, whether to add any issue to its work programme.~~

5.18 If the Interpretations Committee concludes that the Board should add or change requirements in IFRS Standards, it refers the matter to the Board. If the Interpretations Committee concludes that an IFRIC Interpretation is required, it follows the process described in section 7. The Board can also decide to make narrow-scope amendments (which include annual improvements) to the Standards, following the process described in paragraphs 6.4–6.15. The Board may seek the assistance of the Interpretations Committee in developing such narrow-scope amendments, drawing on the Interpretations Committee's implementation experience.

5.19 If the Interpretations Committee decides not to add a project to the standard-setting agenda to address a question submitted, it explains why in an agenda decision (see paragraphs 8.2–8.5).

~~5.19~~ ~~If the Interpretations Committee believes that a Standard or the *Conceptual Framework* should be modified, or an additional Standard should be developed, it refers such conclusions to the IASB. The IASB can also decide to address minor matters that have a narrow scope without involving the Interpretations Committee. In the case of minor or narrow-scope amendments to Standards, the IASB considers developing an Exposure Draft, in line with the process detailed in paragraphs 6.4–6.9. In other cases, the IASB may seek the assistance of the Interpretations Committee in developing an amendment to a~~

~~Standard, drawing on their implementation experience. This is the case, for example, in the Annual Improvements process, where the IASB seeks the assistance of the Interpretations Committee when following the process for exposing Annual Improvements, as outlined in paragraphs 6.10–6.15. If the Interpretations Committee believes that an Interpretation is required, it follows the process outlined in Section 7. Interpretations are designed for general application and are not issued to resolve matters that are specific to a particular entity.~~

~~5.20~~ ~~The Interpretations Committee applies a principle-based approach founded on the *Conceptual Framework*. It considers the principles established in the relevant IFRSs to develop its interpretative guidance and to determine that the proposed guidance does not conflict with IFRSs. It follows that, in providing interpretative guidance, the Interpretations Committee is not seeking to create an extensive rule-oriented environment, nor does it act as an urgent issues group.~~

~~5.21~~ ~~The solution developed by the Interpretations Committee should be effective for a reasonable period of time. Accordingly, the Interpretations Committee would not normally develop an Interpretation if the topic is being addressed in a forthcoming Standard. However, this does not prevent the Interpretations Committee from acting on a particular matter if the short-term improvements can be justified.~~

~~5.22~~ ~~If the Interpretations Committee does not plan to add an item to its work programme it publishes this as a tentative rejection notice in the *IFRIC Update* and on the IFRS Foundation website and requests comments on the matter. The comment period for rejection notices is normally at least 60 days. After considering those comments the Interpretations Committee will either confirm its decision and issue a rejection notice, add the issue to its work programme or refer the matter to the IASB. Rejection notices do not have the authority of IFRSs and they will therefore not provide mandatory requirements but they should be seen as helpful, informative and persuasive. The IASB is not asked to ratify rejection notices.~~

Paragraphs 6.42–6.45 have not been deleted but have been moved to paragraphs 8.7–8.9.

6. New or amended IFRS Standards

Exposure drafts

6.1 Publication of an exposure draft is a mandatory step in the due process before a new IFRS Standard can be issued or an existing Standard can be amended.

6.2 An exposure draft sets out a specific proposal in the form of a proposed IFRS Standard (or amendment to a Standard) and is therefore generally set out in the same way as, and has all of the components of, a Standard. The main differences are that the:

(a) basis for conclusions is written to explain the Board's rationale for the proposal, and is not a draft of the rationale for the final IFRS Standard or final amendments to the Standard; and

(b) consequential amendments need not be set out in as much detail as they would be in a final IFRS Standard, particularly where such amendments are changes to cross-references or terminology and other matters that are more administrative in nature.

6.3 An exposure draft is the Board's main vehicle for consulting the public and therefore includes an invitation to comment, setting out the issues that the Board has identified as being of particular interest. Although it is normally included with the ballot draft, it is not necessary for the Board to ballot the invitation to comment.

Developing an exposure draft

6.4 The development of an exposure draft takes place in public meetings. The technical staff prepare papers for the Board to consider on the matters to be addressed.

6.5 Development of an exposure draft normally begins with the Board considering the issues on the basis of technical staff research and recommendations, as well as the comments received on any discussion paper, research paper or request for information, suggestions made by ~~the Advisory Council,~~ consultative groups ~~and~~ accounting standard-setters and suggestions arising from ~~public education sessions~~ consultation with other stakeholders.

6.6 When the Board has reached general agreement on the technical matters in the project and has considered the likely effects of the proposals (see paragraphs 3.76–3.81), the technical staff present a paper to the Board:

(a) summarising the steps that the Board has taken in developing the proposals, including a summary of when the Board discussed ~~this~~ the project in public meetings, the public hearings held, outreach activities, and meetings of consultative groups ~~and consultation with the Advisory Council~~;

(b) if applicable, reaffirming why the Board has decided that it was not necessary to have a consultative group or to conduct fieldwork; and

(c) recommending a comment period for the exposure draft.

6.7 The Board normally allows a minimum period of 120 days for comment on an exposure draft. If the matter is narrow in scope and urgent the Board may consider a comment period of no less than 30 days, but it will only set a period of less than 120 days after consulting, and obtaining approval from, the DPOC.

6.8 In exceptional circumstances, and only after formally requesting and receiving prior approval from 75 per cent of the Trustees, the Board may reduce the period for public comment on an exposure draft to below 30 days but may not dispense with a comment period.

6.9 If the Board is satisfied that it has addressed all of these matters it votes to have the technical staff prepare the exposure draft for balloting. Board members who intend to dissent from the proposals in the exposure draft ~~must~~ make their intentions known at this time.

Exposing annual improvements

6.10 Some proposed amendments to IFRS Standards that are sufficiently minor or narrow in scope can be packaged together and exposed in one document even though the amendments are unrelated. Such amendments are called annual improvements. Annual improvements follow the same due process as other amendments to the Standards, except that annual improvements consist of unrelated amendments that are exposed together, rather than separately.

6.11 The justification for exposing unrelated improvements in one package is that such amendments are limited to changes that either clarify the wording in an IFRS Standard or correct relatively minor unintended consequences, oversights or conflicts between existing requirements of the Standards. Because of their nature, it is not necessary to undertake consultation or outreach for annual improvements beyond the comment letter process. The Board needs to be cautious and avoid including in the annual improvements package an amendment that merits separate consultation and outreach.

6.12 Clarifying an IFRS Standard involves either replacing unclear wording in existing Standards or providing guidance where an absence of guidance is causing concern. Such an amendment maintains consistency with the existing principles within the applicable Standard and does not propose a new principle or change an existing principle.

6.13 Resolving a conflict between existing requirements of IFRS Standards includes addressing oversights or relatively minor unintended consequences that have arisen as a result of the existing requirements of Standards. Such amendments do not propose a new principle or a change to an existing principle.

6.14 Proposed annual improvements should be well defined and narrow in scope. The Board assesses proposed annual improvements against the criteria set out ~~above~~ in paragraphs 6.10–6.13 before they are published in an exposure draft. As a guide, if the Board takes several meetings to reach a conclusion it is an indication that the cause of the issue is more fundamental than can be resolved within the annual improvements process.

6.15 The Board normally allows a minimum period of 90 days for comment on annual improvements.

Publication

6.16 Before the Board issues an exposure draft the technical staff decide what communications material should be developed to accompany the release. All exposure drafts must be accompanied by a press release. ~~The IASB usually announces publication by email alerts.~~

6.17 Depending on the nature of the exposure draft, the Board and the technical staff might also develop, and make freely available, a project snapshot, podcast, webcast, question and answer (Q&A) pack or presentation (speech) pack. The more significant the exposure draft the more comprehensive the related communications package is likely to be.

6.18 All exposure drafts and related publications are freely available on the IFRS Foundation website.

Consideration of comments received and consultations

6.19 After the comment period ends, the Board reviews the comment letters and the results of the other consultations, such as the investor consultation. The technical staff provides a summary of the comment letters, giving a general overview of the comments received and the major points raised in the letters. The analysis helps the Board to identify the areas on which they are most likely to need to focus their efforts during the deliberations—or whether the Board should even proceed with the project.

6.20 The development of an IFRS Standard is carried out during Board meetings.

6.21 As a means of exploring the issues further, and seeking further comments and suggestions, the Board may conduct fieldwork, or arrange public hearings and round-table meetings. ~~The IASB is required to consult the Advisory Council and~~ The Board also maintains contact with its consultative groups.

Completion of the deliberations

6.22 When the Board has reached general agreement on the technical matters in the project and has considered the likely effects of the new IFRS Standard (see paragraphs 3.76–3.81), the technical staff present a paper to the Board:

(a) summarising the steps that the Board has taken in developing the Standard, including a summary of when the Board discussed this project in public meetings, public hearings held, outreach activities, and meetings of consultative groups ~~and consultations with the Advisory Council~~;

(b) if applicable, reaffirming why the Board has decided that it was not necessary to have a consultative group or to have conducted fieldwork; and

(c) assessing whether the proposals can be finalised or whether they should be re-exposed.

6.23 If the Board is satisfied that it has addressed all of these matters it votes to have the technical staff prepare the IFRS Standard for balloting. Board members who intend to dissent from the proposals of the Standard ~~must~~ make their intentions known at this time.

6.24 The Board ~~must inform~~ informs the DPOC of its decision to proceed to the ballot stage for a Standard, explaining why it is satisfied that *re-exposure* is not necessary, before the Standard or major amendment is published.

Re-exposure criteria

6.25 In considering whether there is a need for re-exposure, the Board:

(a) identifies substantial issues that emerged during the comment period on the exposure draft and that it had not previously considered;

(b) assesses the evidence that it has considered;

(c) determines whether it has sufficiently understood the issues, implications and likely effects of the new requirements and actively sought the views of interested parties; and

(d) considers whether the various viewpoints were appropriately aired in the exposure draft and adequately discussed and reviewed in the basis for conclusions.

6.26 It is inevitable that the final proposals will include changes from those originally proposed. The fact that there are changes does not compel the Board to re-expose the proposals. The Board needs to consider whether the revised proposals include any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed in the basis for conclusions accompanying the exposure draft. The Board also needs to consider whether it will learn anything new by re-exposing the proposals. If the Board is satisfied that the revised proposals respond to the feedback received and that it is unlikely that re-exposure will reveal any new concerns, it should proceed to finalise the proposed requirements.

6.27 The more extensive and fundamental the changes from the exposure draft and current practice the more likely the proposals should be re-exposed. However, the Board needs to weigh the cost of delaying improvements to financial reporting against the relative urgency for the need to change and what additional steps it has taken to consult since the exposure draft was published. The use of consultative groups or targeted consultation can give the Board information to support a decision to finalise a proposal without the need for re-exposure.

6.28 The Board should give more weight to changes in recognition and measurement than disclosure when considering whether re-exposure is necessary.

6.29 The Board's decision on whether to publish its revised proposals for another round of comment is made in a Board meeting. If the Board decides that re-exposure is necessary, the due process to be followed is the same as for the first exposure draft. However, because it is not the first exposure of the proposed IFRS Standard, it may be appropriate to have a shortened comment period, particularly if the Board is only seeking comments on specific aspects of the revised exposure draft, while recognising that respondents may not limit their comments to these aspects. The public comment period for such documents will normally ~~be open~~ last for at least 90 days.

Finalising an IFRS Standard

6.30 The mandatory parts of an IFRS Standard are:

(a) the principles and the related application guidance;

(b) the defined terms; and

(c) the effective date and transition paragraphs.

6.31 When a new IFRS Standard, or amendment to a Standard, is issued, it is also accompanied by amendments to other Standards that are a consequence of the new requirements—these are called 'consequential amendments'.

6.32 Each IFRS Standard is also normally accompanied by ~~additional~~ accompanying material that is not an integral part of the Standard:

(a) a table of contents;

(b) an introduction;

(c) the basis for conclusions (including ~~an *Effect Analysis*~~ the Board's views on the likely effects if not presented as a separate report); ~~and~~

(d) an effect analysis report (for a major Standard); and

(e) dissenting opinions.

6.33 Sometimes the accompanying material will include a table that shows the relationship between paragraphs in the old and the new requirements, a brief history of the IFRS Standard and illustrative examples. In all cases the documents will state clearly whether the material is an integral part of the Standard or whether it accompanies it but is not integral. Material that is integral to a Standard is provided to governments, or the relevant authorities, that have adopted the Standards and have an agreement with the IFRS Foundation to receive such material.

6.34 As a principle, IFRS Standards should be able to be applied without the accompanying material.

Effective date and transition

6.35 An IFRS Standard, or an amendment to a Standard, has an effective date and transition provisions. The mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and those applying the Standards have sufficient time to prepare for the new requirements.

6.36 The Board also considers ~~the effect of the transition provisions on~~ how first-time adopters of IFRS Standards, ~~including the interaction of the transition provisions with those of~~ should apply the Standard, or amendment to a Standard, and whether any amendments are needed to IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Publication

6.37 Before the Board issues an IFRS Standard, or an amendment to a Standard, ~~the technical~~ IFRS Foundation staff decide what communications material should be developed to accompany the release. All changes to the Standards ~~must be~~ are accompanied by a press release. ~~The IASB usually announces the publication of the Standard using email alerts.~~

6.38 The publication of all new IFRS Standards and major amendments ~~must be~~ are accompanied by a project summary and feedback statement. Depending on the nature of the new requirements, the Board and ~~its~~ the IFRS Foundation staff might also develop, and make freely available, a podcast, webcast, question and answer (Q&A) pack or presentation (speech) pack. The more significant the changes to the Standards, the more comprehensive the related communications package is likely to be.

Practice guidance

6.39 Practice guidance is non-mandatory guidance developed by the Board, normally on a topic not addressed by a IFRS Standard—such as guidance on management commentary. The Board may produce practice guidance if it considers that doing so would improve financial reporting. The Board follows the same procedures used for the development of a Standard, including the balloting of documents.

Post-publication procedures and maintenance

6.40 After an IFRS Standard is issued, the IFRS Foundation undertakes various activities to support its implementation and consistent application. These might include publishing educational materials, such as articles and webcasts (see paragraphs 8.8–8.10). Board members and technical staff may also hold meetings with interested parties, including other standard-setting bodies, to help understand unexpected issues that have arisen from the ~~practical~~ implementation of the Standard and the potential impact of its ~~provisions~~ requirements. ~~The IFRS Foundation also fosters educational activities to ensure consistency in the application of Standards.~~

6.41 ~~IASB technical~~ Technical staff may make editorial corrections to technical documents to remedy drafting errors that are made when writing or typesetting the document, provided that the corrections do not alter the technical meaning of the text. Editorial corrections normally fix spelling errors, grammatical mistakes or incorrectly marked consequential amendments.

~~*Education Initiative*~~

~~6.42 The IFRS Foundation sometimes produces educational material related to IFRSs, including presentations for conferences, guides for executives, *IFRS for SMEs* training material and educational material that accompanies, but does not form part of IFRSs. The development of educational material does not take place in public meetings and is not subjected to the public scrutiny that is given to the development of IFRSs.~~

6.43 ~~The staff of the IFRS Foundation Education Initiative are part of the technical staff and report to the Senior Directors of Technical Activities. The IASB and the technical staff have a responsibility to ensure that any educational material is not confused with an IFRS or perceived as being mandatory. Consequently, the IASB has an interest in ensuring that the Education Initiative has quality assurance processes that are appropriate for each of its publications.~~

6.44 ~~In order to meet the assurances above, educational material developed by the Education Initiative is subjected to the following peer reviews:~~

~~(a) high level summaries, such as Executive Briefings and PowerPoint presentations, are reviewed by an appropriate technical staff member and by a member of the Editorial team;~~

~~(b) teaching materials, such as those used for *Conceptual Framework* based teaching, are also reviewed by an IASB member or appropriate external expert, such as an academic. More detailed teaching materials, however, such as comprehensive *IFRS for SMEs* training material, is reviewed by at least two IFRS experts, one of which must be an IASB member; and~~

~~(c) educational material accompanying an IFRS must be reviewed by at least three IASB members.~~

6.45 ~~The Education Initiative reports periodically to the DPOC, identifying the material it is developing and the level of review it expects to undertake in each case.~~

Translation

6.46 Translations of IFRS Standards are initiated by the IFRS Foundation ~~Translation team~~ staff as a response to requests from jurisdictions adopting or developing an interest in the Standards.

6.47 The translations policy allows for only one translation per language, to ensure that all users of a particular language use the same translation. The two-stage translation procedure, consisting of the initial translation followed by a review by a committee of accounting experts, is designed to produce a high-quality translation that accurately renders the meaning of IFRS Standards in English into another language.

6.48 Review committee members ~~must be~~ are native speakers of the language, and experts in the field of financial reporting. Review committees typically comprise representatives from major accounting firms, national accounting bodies, academics, appropriate government bodies and specialist industries, such as banking and insurance.

6.49 The review committee has one person designated as the co-ordinator. In addition to managing the review process, the co-ordinator has the final responsibility for the content of the translation, and has a casting vote if consensus in the committee cannot be reached.

6.50 When a language is spoken and used in more than one country, participation in the review committee is encouraged from all countries using that language to ensure that the resulting translation ~~is appropriate for all jurisdictions that require that translation~~ aids the consistent application of IFRS Standards.

IFRS Taxonomy (see the annex)

6.51 The implications for the IFRS Taxonomy are considered during the development and drafting of new or amended IFRS Standards. The publication of the Proposed IFRS Taxonomy update normally happens at the same time as, or shortly after, the final Standard or amendment to a Standard is published.

Post-implementation review

6.52 The Board is required to conduct a PIR of each new IFRS Standard or major amendment. A PIR normally begins after the new requirements have been applied internationally for two years, which is generally about 30 – 36 months after the effective date.

6.53 In addition to PIRs that respond to a new IFRS Standard or major amendment to a Standard, the Board may decide to conduct a PIR in response to changes in the financial reporting environment and regulatory requirements, or in response to concerns about the quality of a Standard that have been expressed by the Advisory Council, the Interpretations Committee, standard-setters or interested parties.

6.54 Each review has two phases. The first involves an initial identification and assessment of the matters to be examined, which are then the subject of a public consultation by the Board in the form of a request for information. In the second phase, the Board considers the comments it has received from the request for information along with the information it has gathered through other consultative activities. On the basis of that information, the Board presents its findings and sets out the steps it plans to take, if any, as a result of the review.

Initial assessment and public consultation

6.55 The goal of improving financial reporting underlies any new IFRS Standard. A PIR is an opportunity to assess the effect of the new requirements on investors, preparers and auditors following the issuance and application of a Standard. The review ~~must consider~~ considers the issues that were important or contentious during the development of the publication (which should be identifiable from the basis for conclusions, project summary, feedback statement and effect analysis of the relevant Standard), as well as issues that have come to the attention of the Board after the document was published. The Board and the technical staff also consult ~~the wider IFRS community~~ stakeholders to help the Board identify areas where possible unexpected costs or implementation problems were encountered.

6.56 This initial ~~review~~ assessment should draw on the broad network of IFRS Standards-related bodies and interested parties, such as the Interpretations Committee, the Board's consultative groups, ~~including the Advisory Council,~~ securities regulators, national accounting standard-setting bodies, regional bodies involved with accounting standard-setting, preparers, auditors and investors. The purpose of these consultations is to inform the Board so that it can establish an appropriate scope for the review. How extensive the consultations need to be in this phase will depend on the Standard being reviewed and on what the Board already knows about the implementation of that Standard. The Board needs to be satisfied that it has sufficient information to establish the scope of the review.

6.57 The Board publishes a request for information, setting out the matters for which it is seeking feedback by means of a formal public consultation. In the request for information, the Board should explain why it is seeking feedback on the matters specified and should include any initial assessment by the Board of the IFRS Standard or major amendment that is being reviewed. The request for information will also set out the process that the Board followed in establishing the scope of the review.

6.58 The Board normally allows a minimum of 120 days for comment on a post-implementation request for information. The Board will only set a period of less than 120 days after consulting and obtaining approval from the DPOC.

6.59 The Board may decide, on the basis of its initial assessment, that it would be premature to undertake a ~~review~~ PIR at that time. The Board ~~must inform~~ informs the DPOC of its intention to defer a PIR, explaining why it has reached this conclusion and indicating when it expects to resume the review.

Consideration of evidence and presentation of findings

6.60 The Board considers whether it is necessary to supplement the responses to the request for information with other information or evidence, such as by undertaking:

(a) an analysis of financial statements or of other financial information;

(b) a review of academic and other research related to the implementation of the IFRS Standard being reviewed; and

(c) surveys, interviews and other consultations ~~with relevant parties~~.

6.61 The extent to which further information is gathered will depend on the IFRS Standard being reviewed and the feedback in the request for information.

6.62 The Board considers the comments that it has received from the request for information along with the evidence and information that it has obtained from any additional analysis. When the Board has completed its deliberations, it presents its findings in a public report. The Board may consider making minor amendments to the IFRS Standard or preparing an agenda proposal for a broader revision of the Standard. There is no presumption that a PIR will lead to any changes to a Standard. The Board may also continue informal consultations throughout the implementation of the Standard or the amendment to the Standard. The Board may recommend to the DPOC that the

Board should make changes to its procedures, such as how effects of the Standard are assessed or additional steps that should be taken during the development of the Standard.

6.63 The Board ~~must report~~ reports regularly to the DPOC during the period of a PIR and ~~must inform~~ informs the DPOC when it has completed its review and provide the DPOC with a draft of the report. When the DPOC is satisfied that the Board has completed the review satisfactorily, the report can be finalised.

Paragraphs 7.6 and 7.7 have been moved from paragraphs 5.20 and 5.21.

7. IFRIC Interpretations

7.1 IFRIC Interpretations are developed by the Interpretations Committee but, because they are part of IFRS Standards, they ~~must be~~ are ratified by the Board.

~~7.2~~ ~~Three members of the IASB usually attend meetings of the Interpretations Committee. In addition, a report of each meeting of the Interpretations Committee is presented to the IASB at one of its public meetings.~~

Draft IFRIC Interpretation

~~7.3~~7.2 Publication of a draft IFRIC Interpretation is a mandatory step in the due process before ~~a new~~ an IFRIC Interpretation can be issued.

~~7.4~~7.3 A draft IFRIC Interpretation sets out a specific proposal in the form of a proposed Interpretation and is therefore generally set out in the same way as, and has all of the components of, an Interpretation. The main difference is that the basis for conclusions is written to explain the Interpretations Committee's rationale for the proposal, rather than a draft of the rationale for the final Interpretation.

~~7.5~~7.4 A draft IFRIC Interpretation is the Interpretations Committee's main vehicle for consulting the public and therefore includes an invitation to comment, setting out the issues that have been identified as being of particular significance. Although it is normally included with the ballot draft, it is not necessary for the Interpretations Committee to ballot the invitation to comment.

Developing a draft IFRIC Interpretation

~~7.6~~7.5 The development of a draft IFRIC Interpretation takes place in public meetings. The technical staff prepares papers about the matters being addressed for the Interpretations Committee to consider.

7.6 The Interpretations Committee applies a principle-based approach founded on the *Conceptual Framework*. It considers the principles established in the relevant IFRS Standards to develop an interpretation and to determine that the interpretation does not change or conflict with the Standards. If the Interpretations Committee concludes that the requirements of a Standard differ from the *Conceptual Framework*, it obtains direction from the Board. It

follows that, developing IFRIC Interpretations, the Interpretations Committee is not seeking to create an extensive rule-oriented environment, nor does it act as an urgent issues group.

7.7 The solution developed by the Interpretations Committee should be effective for a reasonable period of time. Accordingly, the Interpretations Committee would not normally develop an IFRIC Interpretation if the topic is being addressed in a forthcoming IFRS Standard. However, this does not prevent the Interpretations Committee from acting on a particular matter if the short-term improvements can be justified.

~~7.7~~7.8 When the Interpretations Committee has reached general agreement on the technical matters, the technical staff presents a paper to the Board summarising the steps that have been taken in developing the proposals and recommending a comment period for the draft IFRIC Interpretation.

~~7.8 Interpretations must not change or conflict with IFRSs or the *Conceptual Framework*. If the Interpretations Committee concludes that the requirements of an IFRS differ from the *Conceptual Framework*, it obtains direction from the IASB before developing the Interpretation further.~~

7.9 If the Interpretations Committee is satisfied that it has addressed all of these matters it votes to see whether there is general agreement that the technical staff should prepare the draft IFRIC Interpretation for balloting. General agreement is reached when no more than four members have voted against the proposal. Because Interpretations are developed on the basis of the Interpretations Committee reaching general agreement on the particular matter, a draft Interpretation does not include any dissenting opinions. However, the invitation to comment and the basis for conclusions will identify ~~any areas where some~~ if any members ~~hold strong views opposing~~ do not agree with the draft Interpretation.

7.10 Board members receive ballot drafts of the draft IFRIC Interpretation. If four or more Board members object to the release of the draft Interpretation during the balloting process, the draft Interpretation is not released. If a draft Interpretation is not released because of Board members' objections, the Board ~~must decide~~ decides whether the draft Interpretation should be published with amendments, whether the matter should be referred back to the Interpretations Committee, whether it should be ~~added to the IASB's own agenda~~ considered further by the Board or if there should be no further action.

7.11 The Board and the Interpretations Committee usually allow a minimum period of 90 days for comments on a draft IFRIC Interpretation. If the matter is narrow in scope and urgent the Board may consider a comment period of no less than 30 days, but it will set a period of less than 90 days only after consulting and obtaining approval from the DPOC.

Publication

7.12 Before the Interpretations Committee issues a draft IFRIC Interpretation the ~~technical~~ IFRS Foundation staff decides what communications material should be developed to accompany the release. All draft Interpretations ~~must be~~ are accompanied by a press release. ~~It is also normal for the IASB to announce the publication of a draft Interpretation using email alerts.~~

7.13 All draft IFRIC Interpretations are freely available on the IFRS Foundation website.

Consideration of comments received

7.14 After the comment period ends, the Interpretations Committee reviews the comment letters received.

7.15 The development of an IFRIC Interpretation is carried out during Interpretations Committee meetings, when ~~committee~~ Intepretations Committee members consider the comments received on the draft Interpretation and decide whether to proceed with the project.

7.16 When the Interpretations Committee decides that it has reached general agreement on the technical matters in the IFRIC Interpretation, the technical staff presents a paper to the Interpretations Committee summarising the steps that have been taken in developing the Interpretation and assessing whether the proposals can be finalised or if it should be re-exposed.

7.17 In considering whether there is a need for re-exposure, the Interpretations Committee applies the same criteria as set out for the Board in paragraph 6.25. If the Interpretations Committee decides that re-exposure is necessary, the due process to be followed is the same as for the first draft IFRIC Interpretation, with a minimum comment period determined in accordance with paragraph 7.11.

Finalising an IFRIC Interpretation

7.18 If the Interpretations Committee is satisfied that it has addressed all of the due process matters it votes to see whether there is general agreement that the technical staff should prepare the IFRIC Interpretation for balloting. General agreement is reached when no more than four members have voted against the Interpretation.

7.19 An IFRIC Interpretation includes:

~~(a)~~ ~~a summary of the accounting issues identified;~~

~~(b)~~(a) ~~the agreement reached on the appropriate accounting~~requirements specifying the accounting for the transactions or other events within its scope;

~~(c)~~(b) references to relevant IFRS Standards~~,~~ and parts of the *Conceptual Framework* ~~and other pronouncements~~ that have been drawn upon ~~to support the agreement~~ in the IFRIC Interpretation; and

~~(d)~~(c) the effective date and transition ~~provisions~~ paragraphs.

7.20 The reasons for the IFRIC Interpretation are set out in a basis for conclusions. ~~Members of the Interpretations Committee cannot dissent from an~~ An Interpretation does not include any dissenting opinions of Interpretations Committee members. However, when the Interpretation is ~~sent~~ submitted to the Board for ratification, the technical staff paper accompanying the request for ratification should identify how many Interpretations Committee members objected to the Interpretation and their reasons for doing so.

Effective date and transition

7.21 As with any change to IFRS Standards, an IFRIC Interpretation ~~has an~~ includes effective date and transition ~~provisions~~ paragraphs. The mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and those applying the Standards have sufficient time to prepare for the new requirements. Interpretations generally address matters of a narrower scope than a major amendment to a Standard so the time necessary for those applying the Standards to prepare for the new requirements is also likely to be shorter.

7.22 The Interpretations Committee also considers the effect of the transition provisions on first-time adopters of IFRS Standards, including the interaction of the transition provisions with those of IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Agreement and ratification by the Board

7.23 When the Interpretations Committee has balloted the IFRIC Interpretation it is submitted to the Board for ratification. The Board votes to ratify an Interpretation in a public meeting. Ratification ~~of an Interpretation takes place in a public meeting of the IASB and~~ requires a supermajority, the same level of support by Board members as is required for a new or amended IFRS Standard.

7.24 Board members may dissent from the ratification of an IFRIC Interpretation. The fact that one or more Board members dissented is stated in the approvals section of the Interpretation along with their reasons for doing so.

7.25 The Board votes on the IFRIC Interpretation as submitted by the Interpretations Committee. If an Interpretation is not ~~approved~~ ratified by the Board, the Board provides the Interpretations Committee with reasons for the objection. On the basis of these reasons, the Board will decide whether the matter should be referred back to the Interpretations Committee, whether it should be ~~added to its own agenda~~ considered further by the Board or ~~if~~ whether no further action should be taken. The Board may make editorial changes to the Interpretation or change the effective date, but it should inform the Interpretations Committee of any changes it makes.

7.26 Ratified IFRIC Interpretations are issued by the Board.

Publication

7.27 Before the Board issues an IFRIC Interpretation the IFRS Foundation staff decides what communications material should be developed to accompany the release. All draft Interpretations ~~must be~~ are accompanied by a press release. ~~It is also normal for the IASB to announce the publication of an Interpretation using email alerts.~~

Paragraphs 8.7–8.9 have been moved from paragraphs 6.42–6.45.

8. Supporting consistent application

8.1 The material described in this section does not have the status of IFRS Standards and cannot add or change requirements in the Standards. However, the objective of the material is to improve the consistency of application of the Standards.

Agenda decisions

Interpretations Committee agenda decisions

8.2 If the Interpretations Committee decides not to add a project to the standard-setting agenda to address a question submitted (see paragraph 5.16), it explains why in a tentative agenda decision in IFRIC Update and on the IFRS Foundation website. The Interpretations Committee requests comments on tentative agenda decisions, the comment period for which is at least 60 days. After considering those comments, the Interpretations Committee will:

(a) confirm its decision and publish an agenda decision;

(b) add a project to the standard-setting agenda; or

(c) refer the matter to the Board. The Board is not asked to ratify agenda decisions published by the Interpretations Committee.

8.3 In addition to explaining why the Interpretations Committee decides not to add a project to the standard-setting agenda, in many cases an agenda decision includes explanatory material. The objective of such explanatory material is to improve the consistency of application of IFRS Standards. An agenda decision typically includes explanatory material when the Interpretations Committee's reason for not adding a project to the standard-setting agenda is that the principles and requirements in the Standards provide an adequate basis for an entity to determine the appropriate accounting. Explanatory material is subject to comment as part of a tentative agenda decision.

8.4 Explanatory material explains how the applicable principles and requirements in IFRS Standards apply to the transaction or fact pattern described in the agenda decision. By providing such explanation, additional information is provided. Agenda decisions (including any explanatory material contained within them) do not have the status of the Standards and therefore cannot add or change requirements in the Standards. However, such explanatory material should be seen as helpful, informative and persuasive.

8.5 The process for publishing an agenda decision might often result in explanatory material that provides new information that was not otherwise available and could not otherwise reasonably have been expected to be obtained. Because of this, an entity might determine that it needs to change an accounting policy as a result of an agenda decision. It is expected that an entity would be entitled to sufficient time to make that determination and implement any change (for example, an entity may need to obtain new information or adapt its systems to implement a change).

Board agenda decisions

8.6 In supporting the consistent application of IFRS Standards, the Board might publish an agenda decision that includes explanatory material. It does so when it has decided not to add a project to the standard-setting agenda but, nonetheless, concludes that consistency of application of the Standards would be improved by providing material that explains how the applicable principles and requirements in the Standards apply to a particular transaction or fact pattern. The publication of an agenda decision by the Board follows the process described in paragraphs 8.2–8.5 for publication of an agenda decision by the Interpretations Committee. A Board agenda decision has the same due process status as an Interpretations Committee agenda decision.

8.7 Although the Board might publish agenda decisions stakeholders submit application questions to the Interpretations Committee, and not to the Board. Accordingly, the Board is expected to publish an agenda decision only in rare circumstances.

~~Education Initiative~~Educational material

8.8 The IFRS Foundation sometimes ~~produces~~ publishes educational material related to IFRS Standards on its website, including webcasts, articles, presentations for conferences~~, guides for executives~~, and *IFRS for SMEs* training material ~~and educational material that accompanies, but does not form part of IFRSs~~. Educational material does not have the status of the Standards and cannot add or change requirements in the Standards.

8.9 The development of educational material does not take place in public meetings and is not subjected to the public scrutiny that is given to the development of IFRS Standards. Nonetheless, educational material is subject to quality assurance processes, including to ensure that it does not add or change requirements in the Standards and is clearly distinguished from the Standards.

~~The staff of the IFRS Foundation Education Initiative are part of the technical staff and report to the Senior Directors of Technical Activities. The IASB and the technical staff have a responsibility to ensure that any educational material is not confused with an IFRS or perceived as being mandatory. Consequently, the IASB has an interest in ensuring that the Education Initiative has quality assurance processes that are appropriate for each of its publications.~~

8.10 In order to meet the assurances ~~above~~ in paragraph 8.8, educational material ~~developed by the Education Initiative is subject to~~ is subjected to at least the following ~~peer reviews~~ level of review:

(a) high level summaries of the requirements in an IFRS Standard, such as introductory webcasts on a new Standard, are reviewed by a Board member;

~~high level summaries, such as Executive Briefings and PowerPoint presentations, are reviewed by an appropriate technical staff member and by a member of the Editorial team;~~

(b) more detailed materials explaining the requirements in a Standard, such as a webcast on specific aspects of a Standard, are reviewed by two Board members; and

~~teaching materials, such as those used for *Conceptual Framework* based teaching, are also reviewed by an IASB member or appropriate external expert, such as an academic. More detailed teaching materials, however, such as comprehensive *IFRS for SMEs* training material, is reviewed by at least two IFRS experts, one of which must be an IASB member; and~~

(c) material explaining or illustrating how the requirements in a Standard might be applied in particular transactions or other circumstances, such as a new example demonstrating how the requirements might be applied in a particular fact pattern, are reviewed by three Board members.

~~educational material accompanying an IFRS must be reviewed by at least three IASB members.~~

~~The Education Initiative reports periodically to the DPOC, identifying the material it is developing and the level of review it expects to undertake in each case.~~ The DPOC receives periodic reports on educational material published by the IFRS Foundation. The reports identify the nature of the material and the level of review undertaken, and state the IFRS Foundation staff's conclusion whether the required level of review has been undertaken.

~~8.~~ 9. Protocol for Trustee action for perceived breaches of due process

9.1 Any alleged breaches of due process will be considered within the context of the DPOC's ~~continuous~~ ongoing review of the Board's and the Interpretations Committee's due process. Alleged breaches could be raised by external parties (including media reports), internal parties, the DPOC or other Trustees. All parties are encouraged to raise any concerns as soon as they perceive that an alleged breach of due process has occurred.

9.2 The DPOC will consider the alleged breach and the evidence provided by the complainant, IFRS Foundation staff, and the Board and the Interpretations Committee. The alleged breach will also be assessed in the light of the reporting measures set out in this *Handbook*.

9.3 Complaints to the DPOC are made by using the procedures set out on ~~the DPOC's web pages of~~ the IFRS Foundation website. Each complaint, together with the name and contact details of the complainant, is posted on ~~the DPOC web pages~~ the IFRS Foundation website.

9.4 The ~~Director for Trustee Activities~~ IFRS Foundation staff member managing Trustee activities is responsible for ensuring that the DPOC receives a report from the appropriate technical staff in response to the complaint. This report is posted on the ~~DPOC web pages~~ IFRS Foundation website and is then considered by the DPOC at one of its meetings at which the Chair and/or the Vice-Chair of the Board are present. The DPOC may request additional information from the ~~Director for Trustee Activities~~ IFRS Foundation staff member managing Trustee activities before finalising a response. The response of the DPOC, usually in the form of a letter to the complainant, is also posted on the ~~DPOC web pages~~ IFRS Foundation website.

9.5 Although the Board ~~is~~ and the Interpretations Committee are required to adhere to these policies and to inform the DPOC of ~~its~~ their actions, a limited failure does not render a pronouncement invalid. Retrospective steps can be taken to remedy such a situation if it arises and the DPOC may decide that no additional action is required if it concludes that no harm has been done as a result of the breach. In this circumstance the DPOC will make public its conclusions and discussions in line with the reporting requirements set out in paragraph 2.15.

9.6 If the majority of the DPOC concludes that the Board or the Interpretations Committee has breached due process, the DPOC will request that the Board or the Interpretations Committee take action to remedy the breach either within the current phase of the project to which the breach relates, or by taking some additional steps in a future phase of that project.

9.7 If the DPOC and the Board or the Interpretations Committee cannot resolve differences of opinion as to whether the due process has been breached, or cannot agree on the action to remedy a breach as identified in ~~paragraph 8.6~~ paragraph 9.6, the matter will be brought to the attention of the Trustees, who will then resolve it. The Trustees may need to convene a meeting to consider the matter. Such a meeting may be held by telephone or video conference if a prompt response is required.

9.8 If a due process complaint relates to a project for which the Board has yet to issue a new IFRS Standard, ~~or~~ an amendment to a Standard or an IFRIC Interpretation, the Board or the Interpretations Committee will not be permitted to complete that particular phase of the project until the discussion is heard. As stated in ~~paragraph 8.5~~ paragraph 9.5, a breach of due process does not invalidate a pronouncement issued by the Board. Accordingly, if the matter relates to a Standard ~~or~~ , an amendment to a Standard or an Interpretation that has been issued by the Board, that pronouncement shall remain valid in all respects until the due process complaint has been addressed by the DPOC. In such cases the DPOC should address the complaint as expeditiously as possible, taking into consideration the effective date of the pronouncement.

9.9 The ~~Director for Trustee Activities~~ IFRS Foundation staff member managing Trustee activities, in consultation with the DPOC Chair, will prepare a full brief for consideration by the Trustees. If the Trustees attending the meeting believe that the Board or the Interpretations Committee is in breach of its due process, the Board ~~must do~~ or the Interpretations Committee follows whatever the Trustees decide is necessary to be satisfied that due process is ~~resumed~~ remedied.

9.10 The Trustees cannot raise technical accounting considerations as evidence of a breach of due process.

Annex

The IFRS Taxonomy due process

The IFRS Taxonomy and its objectives

A1 The IFRS Taxonomy™ ('the IFRS Taxonomy') is a structured classification system. It encompasses the elements (including their descriptions, properties, relationships and the data model) that can be used to tag quantitative and qualitative information presented and disclosed in financial reports that are prepared in accordance with IFRS Standards (including the *IFRS for SMEs*® Standard).

A2 The main purpose of the IFRS Taxonomy is to support the consistent tagging of ~~IFRS~~ information prepared applying IFRS Standards. In doing so, the IFRS Foundation is assisting those preparers and users of financial statements that prefer to report and receive information in a structured electronic format.

A3 The IFRS Taxonomy represents the presentation and disclosure requirements ~~of the~~ in IFRS Standards. However, it is not an integral part of the Standards. Development and publication of the IFRS Taxonomy by the Board and the IFRS Foundation helps to ensure that the IFRS Taxonomy is consistent with, and does not interpret, the requirements in the Standards.

The components of the IFRS Taxonomy

A4 The IFRS Taxonomy can be described as having two components:

(a) the IFRS Taxonomy **content**: this is the set of elements (including associated descriptions, properties, relationships and the data model) that is used to reflect:

  (i) IFRS Standards, ~~ie.~~ specifically disclosures and presentation requirements that are explicitly referred to in the Standards (including IFRIC Interpretations) and the accompanying materials to the Standards (implementation guidance, illustrative examples);

  (ii) IFRS reporting practice ('common practice'); ~~and~~

  (iii) annual improvements; and

  ~~(iii)~~ (iv) other taxonomy content not referred to explicitly ~~by~~ in IFRS Standards or ~~the~~ their accompanying materials to ~~the IFRS~~ Standards.

(b) the IFRS Taxonomy **technology**: refers to taxonomy features including, but not limited to, the syntax employed to publish and express the content of the IFRS Taxonomy and the taxonomy architecture used. The architecture relates to taxonomy characteristics such as, for instance, how the IFRS Taxonomy content is organised into files and naming protocols. The IFRS Taxonomy technology does not include the

internal systems used by the IFRS Foundation to manage and generate the IFRS Taxonomy files and documents.

The objectives of the IFRS Taxonomy due process

A5 The content and technology are both important features of a high quality taxonomy and are interrelated. The IFRS Taxonomy due process is designed to protect the integrity of both its content and technology, in particular to ensure that:

(a) the IFRS Taxonomy content:

(i) does not conflict with, and is not an interpretation of or additional application guidance on, IFRS Standards or the *Conceptual Framework*; and

(ii) assists with the effective and efficient communication, dissemination and analysis of IFRS disclosures.

(b) the IFRS Taxonomy technology~~;~~:

(i) adheres to the specifications of the technical syntax used to deliver and express the IFRS Taxonomy content; and

(ii) reflects best practices in order to facilitate adoption by current and future users of the IFRS Taxonomy and to remain relevant and up to date.

The IFRS Taxonomy due process publications

A6 The two IFRS Taxonomy due process publications are the *IFRS Taxonomy update* and the *IFRS Taxonomy files*.

IFRS Taxonomy updates

A7 A *proposed IFRS Taxonomy update* is ~~the document~~ used to describe and consult on proposed updates to the content or technology of the IFRS Taxonomy. An *IFRS Taxonomy update* is published for the final changes to the IFRS Taxonomy.

A8 The *IFRS Taxonomy update* describes in a human-readable form:

(a) the questions on which feedback is sought (this applies only to a *proposed IFRS Taxonomy update*);

(b) the proposed (or final) amendments being made; for example, the elements being added or removed from the IFRS Taxonomy; and

(c) the reasons behind these changes and, where alternative options exist, the reasoning as to why a specific option is preferred.

IFRS Taxonomy files

A9 These are the files used to express and deliver the IFRS Taxonomy content employing a taxonomy delivery mechanism, such as the eXtensible Business Reporting Language (XBRL) syntax. These files allow computers to automatically process the IFRS Taxonomy and to render its content using various software applications.

A10 The *proposed IFRS Taxonomy files* expose the proposed updates to the IFRS Taxonomy whereas the *IFRS Taxonomy files* represent the final updates.

A11 The IFRS Foundation may also publish IFRS Taxonomy supporting and educational materials, such as for example files that provide the IFRS Taxonomy content in human-readable form. These materials do not constitute a formal due process publication.

The IFRS Taxonomy Review Panel

A12 A designated group ('the IFRS Taxonomy Review Panel') exists to provide oversight over IFRS Taxonomy content not referred to explicitly by IFRS Standards (including the accompanying materials to the Standards). The IFRS Taxonomy Review Panel consists of at least three, but not more than five, Board members. At ~~leased~~ least one ~~(senior) technical director~~ senior member of the technical staff is also a member of this panel.

The IFRS Taxonomy Consultative Group ~~(ITCG)~~

A13 The Board has a consultative group for its taxonomy related activities, called the IFRS Taxonomy Consultative Group ('~~the~~ ITCG').

A14 The ITCG operates under the general principles set out for consultative groups as described in ~~paragraphs 3.58–3.64~~ paragraphs 3.59–3.66 of this *Handbook*. The ITCG has ~~a~~ terms of reference that sets out its objectives and its workings.

A15 The staff consults the ITCG during the development of IFRS Taxonomy changes.

Review and approval of the IFRS Taxonomy

Reviews and approval by the Board

A16 Approval of the *proposed IFRS Taxonomy updates* and the *IFRS Taxonomy update* for IFRS Taxonomy content reflecting new or amended IFRS Standards (including the accompanying materials to the Standards) requires the support of a super-majority of the Board, by means of a ballot.

A17 Changes to IFRS Taxonomy common practice and any other content not referred to explicitly ~~by the~~ in IFRS Standards (including the accompanying materials to the Standards) are subject to review—but not approval—by the IFRS Taxonomy Review Panel. These changes are normally not discussed or reviewed by the Board. However, if considered appropriate, any member of the IFRS Taxonomy Review Panel may decide to raise a specific issue for general discussion and review at a public Board meeting.

A18 The IFRS Taxonomy Review Panel also reviews technical staff proposals for the initiation of a new IFRS Taxonomy common practice project or any other projects that affects the content of the IFRS Taxonomy but that does not directly result from the release of a new or amended IFRS Standard. This includes any content amendments that have been triggered as a result of a change to the technology of the IFRS Taxonomy.

A19 Changes affecting solely the technology of the IFRS Taxonomy are not approved or reviewed by either the Board or the IFRS Taxonomy Review Panel, but are assessed by the ITCG (see ~~paragraphs A36–A38~~ paragraphs A38–A40).

Reviews by the ITCG

A20 The Board does not review or approve the *proposed IFRS Taxonomy files* or the *IFRS Taxonomy files*. However, the ITCG reviews the *proposed IFRS Taxonomy files* and the *IFRS Taxonomy files* to help ensure the technical integrity of the IFRS Taxonomy. The ITCG also reviews the *proposed IFRS Taxonomy updates* and the *IFRS Taxonomy updates* and may also be asked to review IFRS Taxonomy educational and supporting materials.

A21 For new or amended IFRS Standards, the ITCG review period is normally aligned with the editorial review period of the related Standard (the process for editorial reviews of the Standards is described in paragraphs 3.31–3.33 of this *Handbook*). For other reviews, and in cases in which no editorial review of the related Standard takes place, the ITCG normally has a 14-day period in which to conduct its reviews. If the matter is considered narrow in scope ~~and~~/or urgent, the period may be reduced, but ~~must not be~~ are not to be less than ~~7~~ seven days.

A22 Because reviewers convey their personal views, rather than those of their organisations, their comments are not made public, unless specifically agreed with the ITCG member providing the comment. The staff normally summarise the ITCG comments received at a public meeting of the ITCG.

A23 The below tabulates the review and approval of the IFRS Taxonomy:

IFRS Taxonomy update	**Issued/published**	**Review ITCG**	**Board approval**
Updates subject to Board approval			
New or amended Standards	Usually at the time a new or amended Standard is issued	Required paragraph A20	Required paragraph A16

IFRS Taxonomy update *(not subject to Board approval)*	Review	
	IFRS Taxonomy Review Panel	ITCG
Common practice	Required paragraph A17	Required paragraph A20/A37
Annual improvements	Required paragraph A17	Required paragraph A20/A37
Technology	Not required paragraph A19	Required paragraph A19/A40

DPOC oversight of IFRS Taxonomy due process

A24 At each of its meetings, the DPOC is informed about taxonomy due process publications in the period and, where applicable, the date that publication was approved by the Board. The DPOC also receives the report of the IFRS Foundation staff's review of the ITCG annually. The DPOC ensures that the ITCG it is continuing to serve the function for which it was established and whether, the membership should remain the same (see paragraph 3.66).

Initiating a proposal to update the IFRS Taxonomy

~~A23~~A25 Updates may relate to a change to the content or technology of the IFRS Taxonomy. In some circumstances, an update may affect both the content and the technology of the IFRS Taxonomy. The IFRS Taxonomy due process that is applied then combines the process followed for the content and the technology, respectively, of the IFRS Taxonomy.

Content changes reflecting new or amended IFRS Standards

~~A24~~A26 The IFRS Taxonomy content should reflect new or amended IFRS Standards in a timely manner. This ensures that the IFRS Taxonomy is an accurate reflection of the Standards at any moment in time.

~~A25~~A27 The IFRS Standards ~~must be articulated~~ articulate clearly and consistently enough to enable appropriate representation through the IFRS Taxonomy. Consequently, the implications of the Standards on the IFRS Taxonomy are considered during the development of a new or amended ~~Standards~~ Standard. The technical staff prepare papers for the Board to consider at public meetings. These papers may incorporate IFRS Taxonomy content-related matters if review or approval by the Board on a specific topic is required.

~~A26~~A28 The IFRS Foundation may also make available, on its website, IFRS Taxonomy materials depicting the presentation and disclosure requirements of an exposure draft or a draft IFRIC Interpretation. These materials do not constitute a *proposed IFRS Taxonomy update* and therefore do not need to be approved by the Board. Their aim is to facilitate the understanding of the proposed presentation and disclosure requirements. A *proposed IFRS Taxonomy update* is developed for the final IFRS Standard only.

~~A27~~A29 The Board approval of the *proposed IFRS Taxonomy update* normally takes place concurrently with the approval of the ballot of the related final IFRS Standard. The Board may decide that the approval of the *proposed IFRS Taxonomy update* should take place at a later time if:

(a) its concurrent publication with the related Standard risks delaying the publication of the Standard; or

(b) the proposed amendments to the IFRS Taxonomy are sufficiently narrow in scope and consequently can be combined with future proposed amendments into one *proposed IFRS Taxonomy update*.

~~A28~~A30 *Proposed IFRS Taxonomy files* for content amendments reflecting a new or amended Standard are prepared if considered appropriate. In assessing whether such files should be prepared, the staff review the scope of the proposed changes and the likely impact of these changes on users of the IFRS Taxonomy.

~~A29~~A31 The staff ~~normally~~ provide a draft outline of the *proposed IFRS Taxonomy update* and, if they have been prepared, the *proposed IFRS Taxonomy files*, for review by members of the ITCG. Members of the ITCG are asked to review whether the proposed changes to the content of the IFRS Taxonomy reflect the amendments to the Standard accurately and in the most appropriate way.

New common practice and other content changes not referred to explicitly by IFRS Standards

~~A30~~A32 IFRS Taxonomy common practice content relates to disclosures that are commonly reported by entities in practice when applying ~~the~~ IFRS Standards but are not explicitly referred to in the Standards (including the accompanying materials to the Standards). Other content changes may include for example IFRS Taxonomy element definitions or IFRS Taxonomy implementation guidance.

~~A31~~A33 The technical staff and IFRS Taxonomy Review Panel consider adding topics to the IFRS Taxonomy work plan based, primarily, on the needs of the users of the IFRS Taxonomy.[4] For example: a new common practice project may arise from a post-implementation review of an IFRS Standard or feedback from regulators and other users of the IFRS Taxonomy.

~~A32~~A34 The process followed to develop the proposed content changes to the IFRS Taxonomy that do not respond to a new or amended Standard depends on the type and the purpose of the content change. For example, for a common practice project, the staff may perform an empirical analysis of financial statements and may set specific benchmark criteria to identify and select proposed new taxonomy elements. The IFRS Foundation makes publicly available materials that document the specific development process being followed.

4 This only relates to the work plan for IFRS Taxonomy content not referred to explicitly by IFRS Standards. The work plan for IFRS Taxonomy content reflecting a new or amended Standard is determined by the standard-setting work plan of the Board.

~~A33~~A35 Review of the proposed content changes by the IFRS Taxonomy Review Panel is a required step. Provided the IFRS Taxonomy Review Panel has not highlighted any issues that require further investigation, the staff proceed with the drafting of the *proposed IFRS Taxonomy update*.

~~A34~~A36 The *proposed IFRS Taxonomy files* are prepared if considered appropriate. In assessing whether such files should be prepared, the staff reviews the scope of the proposed changes and the likely impact of these changes on users of the IFRS Taxonomy.

~~A35~~A37 The staff ~~normally~~ provides a draft outline of the *proposed IFRS Taxonomy update* and, if they have been prepared, the *proposed IFRS Taxonomy files*, for review by members of the ITCG.

Technology changes

~~A36~~A38 IFRS Taxonomy technology changes may affect the way in which the IFRS Taxonomy has been implemented by its users. The staff assess the necessity of any planned changes and develop any such required changes in consultation with the ITCG while also conducting targeted outreach, for example with regulators and software vendors. When the changes are expected to be substantial or alternative options exist, it may be appropriate to issue a request for information before formalising a proposal to change the IFRS Taxonomy.

~~A37~~A39 A *proposed IFRS Taxonomy update* describing the technology changes and the *proposed IFRS Taxonomy files* ~~must be~~ are prepared and exposed for public comment.

~~A38~~A40 The staff ~~must provide~~ provides the ITCG with a draft outline of the *proposed IFRS Taxonomy update*, a draft of the *proposed IFRS Taxonomy files* and, where published, any draft of the *request for information* for their review prior to publication and consultation.

Publication and consultation

~~A39~~A41 *Proposed IFRS Taxonomy updates* and, where prepared, *proposed IFRS Taxonomy files* are the subject of public consultation. The comment period will normally be at least 60 days. The comment period can be reduced, but not to less than 30 days, if the matter is urgent or narrow in scope:

(a) For a proposed change that is narrow in scope, a reduced comment period does not need approval from the DPOC. For proposed content changes the Board or where appropriate the IFRS Taxonomy Review Panel can consider a comment period of no less than 30 days. For proposed technology changes, the staff can consider a comment period of no less than 30 days after consulting the ITCG.

(b) For a proposed change that is not narrow in scope but urgent, a reduced comment period needs approval from the DPOC.

~~A40~~A42 In the case of a taxonomy update reflecting a new or amended IFRS Standard, the *proposed IFRS Taxonomy update* is released at the same time or shortly after the final Standard is published, except as described in ~~paragraph A27 above~~ paragraph A29.

~~A41~~A43 ~~Paragraphs A28 and A34~~ Paragraphs A30 and A36 state that the preparation of the *proposed IFRS Taxonomy files* that reflect proposed content updates is an optional step. No public consultation on these files is required for content updates, because the updated files merely capture the proposed content changes set out in the *proposed IFRS Taxonomy update*. If these files are prepared, they are published at the same time or shortly after the publication of the related *proposed IFRS Taxonomy update*.

~~A42~~A44 An IFRS Taxonomy release may include multiple and unrelated updates to the IFRS Taxonomy, for example an update resulting from the publication of a new IFRS Standard and an update resulting from a change to the IFRS Taxonomy technology or a common practice addition. However, the IFRS Foundation will normally only publish one set of *proposed IFRS Taxonomy files*, including all proposed updates.

~~A43~~A45 When developing a *proposed IFRS Taxonomy update*, the Board and IFRS Foundation staff will consider whether they need to take additional steps to consult stakeholders on the proposed changes. These additional steps could include, for example, private meetings with regulators and other IFRS Taxonomy users, field testing of proposed technology changes by software vendors or the setting up of a taskforce to test tag proposed content changes. Feedback from this additional consultation is considered and assessed along with public comment letters.

Finalising updates to the IFRS Taxonomy

Consideration of comments received and consultations

~~A44~~A46 All public comment letters received on the *proposed IFRS Taxonomy updates* and, where published, the *proposed IFRS Taxonomy files* are posted on the IFRS Foundation website. The staff analyse the comments received and evaluate whether to recommend changes to the original proposals and whether any revised proposals should be re-exposed.

~~A45~~A47 The staff ~~shall~~ discuss the comments received and the changes to the original proposals, including any proposal to re-expose, with:

(a) the Board at a public meeting (for new or amended IFRS Standards);

(b) the IFRS Taxonomy Review Panel, with a public summary of these discussions being prepared by the staff where relevant (for common practice and other taxonomy content not referred to explicitly by Standards); and

(c) the ITCG at a public meeting (for changes to the technology of the IFRS Taxonomy).

~~A46~~A48 The DPOC ~~must be~~ is informed about the due process steps that have been undertaken prior to the finalisation of substantive changes to the IFRS Taxonomy technology.

Drafting, review and publication

~~A47~~A49 After comments have been considered and discussed, the staff proceed with the drafting, Board approval (for content amendments reflecting new or amended IFRS Standards) and the publication of the *IFRS Taxonomy update*.

~~A48~~A50 The preparation and publication of the *IFRS Taxonomy files* is a mandatory step for final updates to both the content and the technology of the IFRS Taxonomy.

~~A49~~A51 A review by the ITCG of the *IFRS Taxonomy files* and the *IFRS Taxonomy updates* is optional. When assessing whether such a review would be useful, the technical staff consider the substance of any changes made to the final IFRS Taxonomy as a result of comments received during public consultation.

IFRS Taxonomy compilations, translations and editorial corrections

~~A50~~A52 The IFRS Foundation ~~shall make~~ makes available a compiled IFRS Taxonomy using content and technology that has previously been subjected to full due process. Consequently, no public consultation is required prior to the release of a compiled IFRS Taxonomy. A compiled IFRS Taxonomy should be made available at least annually ~~('the *Annual IFRS Taxonomy*')~~.

~~A51~~A53 Translations of the IFRS Taxonomy content are initiated in response to requests from jurisdictions that have adopted or are developing an interest in, the IFRS Taxonomy. The same procedures followed for translations of IFRS Standards apply to translations of the IFRS Taxonomy.

~~A52~~A54 The staff may make editorial corrections to the IFRS Taxonomy after publication, to remedy any errors that have been made. Editorial corrections do not alter the intended accounting meaning of IFRS Taxonomy elements or change the technology of the IFRS Taxonomy. For example, editorial corrections may fix specific XBRL attributes such as debit or credit or element label spelling errors. The staff may also make maintenance-type changes to the IFRS Taxonomy, such as, for example, an update to the effective and expiry dates of the IFRS Taxonomy elements to reflect the passage of time. Editorial corrections and maintenance-type amendments are considered post-publication procedures, and do not need to be approved, reviewed or exposed for public consultation.

Glossary of terms

Annual improvements: narrow-scope or minor amendments to IFRS Standards that are packaged together and exposed in one document even though the amendments are unrelated.

Comment letter: a letter or a formal submission received by the ~~International Accounting Standards Board (Board)~~ Board in response to a consultation document. All comment letters are made public and can be viewed on the IFRS Foundation website.

Consultative group: a group which the Board or ~~IFRS~~ Interpretations Committee consults. Such groups provide the Board with feedback based on research, experience or background, for example, in order to offer different perspectives on a given topic. Consultative groups have their membership reviewed and endorsed by the DPOC. For each new IFRS Standard or major amendment, the Board ~~must consider~~ considers whether it should establish a consultative group. If the Board decides not to establish a consultative group it ~~must explain~~ explains its reasons in a public meeting.

Discussion paper: a paper issued by the Board that presents the analysis and collective views of the Board on a particular topic. The matters presented will have been discussed in public meetings of the Board. Discussion papers are issued for public comment, the feedback from which informs the Board and helps it to assess whether and how to develop a new or amended IFRS Standard.

Draft for editorial review: a draft of a due process document that the Board and ~~its~~ the technical staff use to gather drafting feedback. A draft for editorial review might be distributed to selected groups or be made available more generally on the IFRS Foundation website, or both. Reviewers are asked whether the draft document is clear and reflects the technical decisions made by the Board. A draft for editorial review does not include an invitation to comment because the purpose of such a review is not to question the technical decisions. A draft for editorial review is not a mandatory step.

Effect analysis: a process for assessing the likely effects of a proposed IFRS Standard, which is undertaken as the new requirements are developed, culminating in an analysis presented as part of, or with, the basis for conclusions published with a new Standard that summarises the Board's assessment of the likely effects of the new requirements.

Exposure draft: a draft of a proposed IFRS Standard, amendment to a Standard or IFRIC Interpretation. An exposure draft sets out a specific proposal and includes a draft basis for conclusions and, if relevant, alternative views. An exposure draft is a mandatory due process step.

Feedback statement: a document that gives direct feedback to the comments that were submitted on the exposure draft. It identifies the most significant matters raised in the comment process and explains how the Board responded to those matters.

Fieldwork: work conducted with ~~interested parties~~ stakeholders to help the Board assess the likely effects of a proposed IFRS Standard. Fieldwork might include experimentally applying new proposals to individual transactions or contracts as if the proposed Standard was already in effect, asking for feedback on the proposed wording of a particular proposal or assessing the extent of system changes that would be required if a proposed Standard was implemented. Fieldwork also includes gathering examples from

practice to help the Board gain a better understanding of industry practices and how proposed Standards could affect them.

IASB update: a summary of decisions made at a public meeting of the Board.

IFRIC update: a summary of decisions made at a public meeting of the Interpretations Committee.

~~*IFRSs:* Standards and Interpretations issued by the IASB. They comprise (a) International Financial Reporting Standards, (b) International Accounting Standards (IASs), (c) IFRIC Interpretations and (d) SIC Interpretations.~~

IFRS Standards: Standards including IAS® Standards, *IFRS for SMEs* Standards, IFRIC Interpretations and SIC Interpretations issued by the Board.

IFRS Advisory Council: an advisory body that provides a formal vehicle through which organisations and individuals with an interest in international financial reporting can participate. The participants have diverse geographical and functional backgrounds. The Advisory Council's objective is to ~~give advice to the IASB on priorities, agenda decisions and on major Standard-setting projects~~ provide broad strategic advice to the Trustees and the Board. The members of the Advisory Council are appointed by the Trustees.

IFRIC Interpretations: Interpretations are developed by the Interpretations Committee before being ratified and issued by the Board. IFRIC Interpretations ~~carry the same weight as a Standard~~ are part of IFRS Standards.

Invitation to comment: a document that accompanies a discussion paper or exposure draft and sets out the matters on which the Board is seeking feedback.

Post-implementation review (PIR): a review of an IFRS Standard or major amendment to a Standard. It is undertaken by the Board.

Practice guidance: non-mandatory guidance developed by the Board, normally on a topic not addressed by an IFRS Standard—such as guidance on Management Commentary.

Public hearing: a meeting with interested organisations to listen to, and exchange views on, specific topics. Public hearings include round-table meetings and discussion forums.

Re-exposure: a formal request for comments on a revised version of an exposure draft.

Research paper: a paper issued by the Board that was not developed in public meetings, thereby distinguishing it from a discussion paper. Research papers may be prepared by the technical staff ~~of the IASB or by one or more people seconded to the Board with the purpose of developing the paper~~. Research papers may also be prepared by other standard-setters or bodies, normally at the request of the Board. A research paper is not a mandatory due process step.

Request for information: a formal consultation step that the Board undertakes to receive feedback and information on a specific aspect of one of its projects. A request for information normally helps the Board to prepare an exposure draft or finalise an IFRS Standard. A request for information is not a mandatory due process step.

Simple majority: for the Board, a simple majority is achieved when more than half of the Board members vote in favour of a decision in a public meeting attended by at least 60% of the Board members or when more than half of the Board members vote in favour of ~~a~~ issuing a document by way of ballot. Abstaining is equivalent to voting against a proposal.

Snapshot: a high-level and simplified summary of the main aspects of a discussion paper or exposure draft.

~~*Standards*: Standards issued by the IASB. They comprise (a) International Financial Reporting Standards and (b) IASs.~~

Supermajority: for the Board, a supermajority is achieved when ~~nine~~ eight members ballot in favour of the publication of a document if the Board has ~~15~~ 30, or fewer, appointed members, ~~or 10~~ and nine in favour if the Board has ~~16~~ 14 appointed members. Abstaining is equivalent to voting against a proposal.

Sweep issue: a technical matter identified during the balloting of a document that needs to be resolved by a discussion by the Board or the Interpretations Committee in a public meeting.

IFRS Taxonomy terms

IFRS Taxonomy: a structured classification system of IFRS disclosures. It encompasses the elements (including their descriptions, properties, relationships and the data model) that can be used to tag quantitative and qualitative information presented and disclosed in financial reports that are prepared in accordance with IFRS Standards (including *IFRS for SMEs*® Standard).

IFRS Taxonomy common practice content: these are IFRS Taxonomy elements (including their descriptions, properties, relationships and data model) to reflect IFRS disclosures that are commonly disclosed in practice by entities when applying IFRS Standards. They are not referred to explicitly in the Standards or the accompanying materials to the Standards.

IFRS Taxonomy update: a document that describes in human-readable form the changes that are being made to the IFRS Taxonomy, why these changes are made and, where alternative options exist, the reasoning as to why a particular option is preferred.

IFRS Taxonomy files: these are the files used to express and deliver the IFRS Taxonomy content employing a taxonomy delivery mechanism, such as the eXtensible Business Reporting Language (XBRL) syntax. They allow computers to automatically process the IFRS Taxonomy and to render its content using various software applications.

Proposed IFRS Taxonomy update: a document that exposes the changes to the technology or content of the IFRS Taxonomy for public comment. It describes in human-readable form the proposed changes, why these changes are made and, where alternative options exist, the reasoning as to why a particular option is preferred. It also includes the questions on which feedback is sought.

Proposed IFRS Taxonomy files: these are the files that are used to express and deliver proposed updates to both the content and the technology of the IFRS Taxonomy employing a taxonomy delivery mechanism, such as the eXtensible Business Reporting Language (XBRL) syntax. They allow computers to automatically process the IFRS Taxonomy and to render its content using various software applications.

Appendix B
Proposed consequential amendments to the IFRS Foundation *Constitution*

Extract from the IFRS Foundation Constitution issued December 2018.

IFRS Advisory Council (the Advisory Council)

43 The Advisory Council, formerly called the Standards Advisory Council, whose members shall be appointed by the Trustees under section 15(c), provides a forum for participation by organisations and individuals, with an interest in international financial reporting, having diverse geographical and functional backgrounds~~, with the objective of:~~.

~~(a) giving advice to the Board on agenda decisions and priorities in the Board's work;~~

~~(b) informing the Board of the views of the organisations and individuals on the Advisory Council on major standard-setting projects; and~~

~~(c) giving other advice to the Board or the Trustees.~~

The Advisory Council provides broad strategic advice to the Trustees and the Board and can provide views that are supplemental to other consultative processes.

44 The Advisory Council shall comprise 30 or more members, having a diversity of geographical and professional backgrounds, appointed for renewable terms of three years. The Chair of the Advisory Council shall be appointed by the Trustees, and shall not be a member of the Board or a member of ~~its~~ staff. The Trustees shall invite the Chair of the Advisory Council to attend and participate in the Trustees' meetings, as appropriate.

45 The Advisory Council shall normally meet at least ~~two times~~ twice a year. Meetings shall be open to the public. The matters on the agenda for the Advisory Council's meetings will include those strategic matters and other priorities identified through consultation among the Chair of the Advisory Council and representatives of the Trustees and the Board. The Advisory Council shall also be consulted by the ~~Board~~ Trustees in advance of decisions of the Board on major projects and by the Trustees in advance of any proposed changes to this *Constitution*.

