

EFRAG
Pedro Solbes
35 Square de Meeus
1000 Brussels
Belgium

EFRAG's draft response on the IASB's Request for Views – Agenda Consultation 2011

Dear Mr Solbes,

We are pleased to provide you with our comments on your draft response on the IASB's 2011 Agenda Consultation. As the European Securities and Markets Authority our comments aim at improving the decision-usefulness of financial statements and the transparency and enforceability of IFRSs.

ESMA welcomes the IASB's decision to consult on its technical agenda and has considered the IASB's *2011 Agenda Consultation* and EFRAG's draft comment letter. We thank you for this opportunity to contribute to EFRAG's due process and to comment on your draft response.

We believe that it will prove to be an important and valuable contribution towards a more stable and transparent agenda-setting. However, we do not consider the consultation to be the basis on which to determine what projects, and the scope of these, the IASB should work on for the coming years. In that respect we consider it only a starting point and think that the IASB should consult on more detailed priorities.

For the detailed comments we refer to our comment letter to the IASB's on its *2011 Agenda Consultation*, which we attach to this letter.

ESMA's is generally supportive of EFRAG's draft response but does not share EFRAG's comments in the following areas:

- EFRAG states that current IFRS disclosure requirements are too voluminous and do not always focus on the right disclosures. Though ESMA fully supports any initiative considering the best way to provide information to investors we do not believe that the claim of some stakeholders that cur-

rent disclosure requirements are resulting in too voluminous financial information, is a good starting point. It is not about the quantity but about disclosures of the highest quality presented in a helpful fashion;

- Technological developments could help achieving a better presentation of financial information required under IFRS, notably by the use of eXtensible Business Reporting Language (XBRL). We believe that the development of the IFRS Taxonomy should remain a separate activity of the IFRS Foundation but believe that the IASB and the Foundation's XBRL team should think how mutual experiences could be shared in order to provide investors with the most decision-useful information (for example by continuing its efforts to publish taxonomies together with the publication of a new standard). The Board and the Foundation's XBRL team should consult stakeholders jointly in the near future on how they see their relationship; *and*
- The IASB should set high quality accounting standards. In that respect we agree with EFRAG that international convergence should not be the lead driver of the IASB's agenda. However, given the clear benefits for investors we think the IASB should not lose sight of achieving further convergence when setting its agenda.

During the comment period of the agenda consultation the IASB is progressing on the active projects on revenue recognition, leases, insurance contracts and financial instruments. It is clear that these projects will go well beyond 2011. Given the importance of these standards for the financial reporting framework we believe that the Board should first finalise high quality IFRSs in these areas as soon as possible before starting major new activities.

On a more procedural point we note that the letter has been prepared by the EFRAG Planning and Resource Committee but reflects in some cases the views of the EFRAG secretariat only. We believe it would stimulate the debate even further if EFRAG would seek views on tentative positions rather than putting forward considerations.

I would be happy to discuss all or any of these issues further with you.

Yours sincerely,



Steven Maijoor
ESMA Chair