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Disclosure Requirements in IFRS Standards – A Pilot Approach

Cover note

Objective

- 1 The objective of this session is to discuss and agree to recommend to the EFRAG Board for issuance a draft comment letter ('DCL') in response to the IASB's Exposure Draft (ED) *Disclosure Requirements in IFRS Standards – A Pilot Approach* (the ED).
- 2 The first feedback received from EFRAG advisory bodies indicates that sufficient outreach, including field testing, is deemed necessary in preparation of the final comment letter. EFRAG will accordingly organize an outreach plan, using the contents of the DCL as a basis.

Background

- 3 The [ED](#) has been published on 25 March 2021 together with its [Basis for Conclusion and a project summary \(snapshot\)](#).
- 4 The ED is response to the feedback received from the IASB Principles of Disclosures Discussion Paper which identified that disclosures included too many irrelevant information, not enough relevant ones and that information was sometimes ineffectively communicated.
- 5 The ED:
 - (a) develops guidance for the IASB itself to use when developing and drafting disclosure objectives and requirements in future; and
 - (b) tests the guidance by applying it to the disclosure requirements IAS 19 *Employee Benefits* and IFRS 13 *Fair Value Measurement*.
- 6 The ED proposes a new approach for the IASB to develop disclosure requirements in the future. Under the proposals, the IASB would:
 - (a) Require entities to comply with **overall disclosure objectives** that describe the overall information needs of users of financial statements.
 - (b) Require entities to comply with **specific disclosure objectives** that describe the detailed information needs of users of financial statements, and **define a minimum list** of disclosure that will be always required to satisfy these objectives.
 - (c) Identify **items of information** that, while not mandatory, can be considered in assessing whether and how to meet the overall and specific objectives.
- 7 This approach is intended to shift an entity's focus from applying a checklist of disclosure requirements, to determining whether disclosure objectives have been satisfied in the entity's own circumstances.

- 8 The EFRAG Secretariat has prepared a draft comment letter (contained in Agenda paper 03-02) based on:
- (a) The input provided at previous meetings by EFRAG TEG and EFRAG CFSS¹.
 - (b) The previous public views expressed by EFRAG on the matter, in particular in its responses to the IASB's 2017 Principles of Disclosures Discussion Paper and to the Post-implementation review of IFRS 13.
- 9 In addition, input was received after the issuance of the ED from EFRAG Pension Plan Advisory Panel and EFRAG Financial Instrument Working Group.
- 10 The input from the EFRAG TEG and User Panel joint meeting on 21 April will be considered, together with this meeting's input when finalising the DCL.

Agenda papers

- 11 In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 08-02 – EFRAG Draft comment letter on Disclosure Requirements in IFRS Standards – A Pilot Approach;

Questions for EFRAG TEG

- 12 Does EFRAG TEG have comments on the initial drafting of appendix 1 of the draft comment letter?
- 13 Does EFRAG TEG agree with the drafting of the cover letter of the initial draft comment letter?
- 14 Does EFRAG TEG agree to recommend the draft comment letter for consideration by the EFRAG Board?
- 15 Does EFRAG TEG has final comments on the [Outreach plan](#) provided?

¹ EFRAG TEG CSFF meeting held on 20 March 2019 and EFRAG TEG meeting held on 8 July 2020 (feedback received by written inputs)