

# WRITTEN PROCEDURE

## Policy for Approval by Written Procedure by the EFRAG FRB

### When is approval by written procedure used?

- 1.1 EFRAG's Technical Work plan is updated and presented by the EFRAG Secretariat for approval at every EFRAG FRB meeting. The work plan is available as part of the public papers of each EFRAG FRB meeting.
- 1.2 The work plan classifies all current IASB projects as 'significant' and 'less significant'.
- 1.3 When a project is classified as 'less significant', the approval from EFRAG FRB will be managed based on a written procedure, i.e. the (draft) comment letter or (draft) endorsement advice is not being brought to the EFRAG FRB at a public meeting, but instead EFRAG FRB members are asked for approval by written procedure.
- 1.4 If the project is considered less significant (but not limited to less significant), the EFRAG FRB may agree to delegate all the due process work on a consultation document with the exception of (draft) endorsement advice to the EFRAG FR TEG but remains responsible also in these cases, and the EFRAG FRB Chair signs the consultation document.
- 1.5 The following are considered for classifying an IASB project as 'significant' and 'less significant':
  - a) All IASB 'standard-setting projects' are classified as 'significant';
  - b) Normally IASB 'maintenance' projects are classified as 'less significant'. In some cases, the EFRAG FRB may decide to classify an IASB 'maintenance' project as 'significant' and consider it at a physical meeting. This would usually be the case, for example, when there had been significant discussions among EFRAG FR TEG members or the draft comment letter or draft endorsement advice triggered substantial disagreement with one or more EFRAG FRB members. EFRAG's Technical Work plan provides an explanation for IASB 'maintenance' projects that are classified as 'significant'; and
  - c) The classification of IASB 'research' projects is performed on a case-by-case basis.
- 1.6 The final output of all EFRAG Research projects is discussed and approved at a physical meeting of the EFRAG FRB.

### Process for approval by written procedure

- 1.7 The EFRAG Secretariat initiates the approval by written procedure by sending an e-mail to EFRAG FRB members and observers with speaking rights (EFRAG Internal Rules Art 8). The e-mail should include:
  - a) information about the votes of EFRAG FR TEG members;

- b) the document supported by EFRAG FR TEG for approval (i.e. (draft) comment letter or (draft) endorsement advice); and
  - c) some background information, such as the relevant IASB document and/or the request for endorsement advice by the European Commission.
- 1.8 The deadline for responding to the e-mail is normally four working days. The EFRAG Secretariat will send a reminder to the EFRAG FRB members that have not replied 24 hours before the deadline indicated in the original e-mail.

## Quorum

- 1.9 In the case of a physical meeting (EFRAG Statutes, Art 7.3.5), the EFRAG FRB can only deliberate if at least two thirds (2/3) of its members are present in person or by telecommunication.
- 1.10 In the case of approval by written procedure, at least 2/3 of the EFRAG FRB members must respond to the e-mail of the written procedure for an approval to take place.
- 1.11 EFRAG FRB members that do not reply by the deadline will be recorded as not participating in the process, i.e. as if they are absent from a physical meeting.

## Consensus

- 1.12 In accordance with Art 7.3.5 of the EFRAG Statutes, the EFRAG FRB's decisions are made by consensus.
- 1.13 At a public meeting, when an EFRAG FRB member disagrees with the position expressed in a document, it may be possible to reach consensus through discussion and agreement on changes to the document. However, this is not possible to achieve in a written procedure, because it would require a new round of consultation with all EFRAG FRB members that have already expressed their view.
- 1.14 In the rare circumstances that no consensus can be reached, the following applies.

### Final Endorsement Advice

- 1.15 Based on Art 7.3.5(b)(iv) of the EFRAG Statutes, formal dissenting opinions are expressed and included only at the final endorsement advice stage.
- 1.16 For projects planned to be considered by written procedure, EFRAG FRB members need to inform their intention to formally dissent as early as possible and require discussion on the topic at a public EFRAG FRB meeting. This should normally be the case at draft endorsement advice stage, whereby the EFRAG FRB member should indicate their intention and reason to dissent if the final endorsement advice were the same or similar as the draft endorsement advice. The draft endorsement advice should indicate the alternative view(s), without mentioning the name(s) of the EFRAG FRB member(s) and seek the views of the constituents.
- 1.17 In the rare circumstances where an EFRAG FRB member does not support the final endorsement advice and has not informed the EFRAG FRB in advance as mentioned in paragraph 14, the member can choose to:
- a) express disagreement via mail but accepting that EFRAG's position is based on the majority view. In that case, no formal dissenting opinion will be included in the final endorsement advice; or



- b) immediately inform the EFRAG FRB Chair to request that the EFRAG FRB discuss the issue, either in a physical meeting or a conference call, when the reason for disagreement is such that it would, in the EFRAG FRB member's view, deserve a round of plenary discussion.

### Other documents

- 1.18 Decisions are taken by a qualified majority of two-thirds (2/3) of EFRAG FRB members that respond to the written procedure in the following cases (Art 7.3.5(b)(i)-(iii)):
- a) for draft or final comment letters to the IASB and other draft or final positions and draft or final position papers for public consultation purposes; and
  - b) for draft endorsement advice for public consultation purposes.

### Transparency of the process

- 1.19 In cases of approval by written procedure, the final approval of EFRAG's position does not take place in the public domain.
- 1.20 To make the process more transparent, the following steps are implemented each time a written procedure is used:
- a) The results of the EFRAG FR TEG meeting are reported in the relevant section of the EFRAG Update; and
  - b) The EFRAG Update indicates the documents that were approved by written procedure in the period and the written procedures that are expected to take place in the next month.
- 1.21 In the case that substantial issues are raised by EFRAG FR TEG, usually the topic is discussed at an EFRAG FRB physical meeting or conference call.



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