

This paper provides the technical advice from EFRAG FR TEG to the EFRAG FRB, following EFRAG FR TEG's public discussion. The paper does not represent the official views of EFRAG or any individual member of the EFRAG FRB. This paper is made available to enable the public to follow the EFRAG's due process. Tentative decisions are reported in EFRAG Update. EFRAG positions as approved by the EFRAG FRB are published as comment letters, discussion or position papers or in any other form considered appropriate in the circumstances.

## IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

### Cover Note

#### Objective

- 1 The objective of this session is to discuss with EFRAG FRB the feedback received on the DEA on IFRS 19 *Subsidiaries without Public Accountability: Disclosures* and to approve the Final Endorsement Advice ('FEA') for publication, following EFRAG FR TEG's recommendation.

#### Background of the IASB project

- 2 On 9 May 2024, the IASB issued [IFRS 19 Subsidiaries without Public Accountability: Disclosures](#), which permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures.
- 3 IFRS 19 is a voluntary standard and has an effective date of 1 January 2027, with permitted early application. More information on IFRS 19 can be found [here](#).
- 4 In June 2024, the EFRAG Secretariat updated its briefings covering the application and scope of IFRS 19 in the EU landscape and the differences in the disclosure requirements between IFRS 19 and the EU Accounting Directive. The updated briefings can be found here: [Briefing - "AN EU PERSPECTIVE ON THE SCOPE OF IFRS 19"](#) and [Briefing - "STUDY ON COMPATIBILITY OF THE EU ACCOUNTING DIRECTIVE WITH IFRS 19"](#).
- 5 In July 2024, the IASB published its Exposure Draft [Amendments to IFRS 19](#) ('Catch-up ED'), which includes whether and how to reduce the new and amended disclosures proposed in the IFRS Accounting Standards issued between February 2021 and May 2024. On 24 September 2024, EFRAG has published its [draft comment letter](#) ('DCL') on the IASB's Catch-up ED. Overall, EFRAG supports the IASB's approach to updating IFRS 19 with all the new and amended disclosures proposed in the IFRS Accounting Standards issued between February 2021 and May 2024. In December 2024, the IASB published [IFRS 19 disclosure](#)

[tracker](#) where it maps the reduced-disclosure requirements to their equivalents in other IFRS Accounting Standards.

### **Endorsement advice request**

- 6 In September 2024, the EC submitted to EFRAG a [request for endorsement advice on IFRS 19](#). The endorsement advice request included additional items, beyond the assessment of the endorsement criteria, including:
- (a) A more in-depth cost-benefit analysis of how high the potential savings would be and how many companies, i.e. number of companies, would be affected in total within the EU;
  - (b) The outreach effects of the EU endorsement outside the EU;
  - (c) A list of disclosure requirements that will remain, despite the endorsement of IFRS 19, to be done by companies using the standard, where the EU Accounting Directive would apply in conjunction; and
  - (d) An examination about whether a carve-out could be made in IFRS 19, or whether general information of companies about this would suffice.
- 7 The EFRAG FRB has confirmed the endorsement advice work plan proposed by the EFRAG Secretariat in its meeting on [8 October 2024](#). The plan aims to approve the FEA in September 2025.
- 8 The endorsement request of the European Commission requires to make quantitative assessments wherever possible. While most of the benefits can be assessed on a qualitative basis, the number of entities eligible to apply IFRS 19 can be quantified.

### **Feedback received on EFRAG's Draft Endorsement Advice**

- 9 EFRAG published its [Draft Endorsement Advice on 21 May 2025](#) with the deadline for comments by 3 September 2025.
- 10 EFRAG's overall preliminary assessment is that IFRS 19 satisfies the criteria of relevance, reliability, comparability and understandability required to support economic decisions and the assessment of stewardship, raises no issues regarding prudent accounting and that it is not contrary to the true and fair view principle. EFRAG also concluded that IFRS 19 is conducive to the European public good and, therefore, recommended it for endorsement.
- 11 EFRAG received 6 comment letters on its consultation (Appendix A provides the list of the respondents). All respondents expressed support for the endorsement of the reduced disclosure standard in Europe and agreed with the EFRAG conclusion that IFRS 19 meets

the endorsement criteria, is conducive to the European public good and should be recommended for endorsement.

- 12 In particular, the respondents appreciated significant reporting burden reduction for the eligible subsidiaries and multinational groups they belong to, considered that IFRS 19 should not result in significant implementation costs, as the eligible subsidiaries already apply IFRS Accounting Standards at least when preparing group reporting packages and therefore information to be disclosed should already be available. It was also noted that financial statements prepared in accordance with IFRS 19 are expected to meet users' information needs, while eliminating the disproportionate disclosures. In addition, they noted that it makes the transition to IFRS Accounting Standards easier for the entities willing to switch to IFRS. In some jurisdictions even publicly accountable and thus not eligible entities, such as financial institutions and insurance entities, expressed support for the endorsement of IFRS 19.
- 13 One respondent representing the views of European insurers highlighted the continuous interest of the European insurance industry to apply the reduced disclosure standard and suggested revisiting the public accountability definition to reflect that fiduciary capacity is a normal operational practice for insurers and does not involve the same public accountability as for example for banks.
- 14 This respondent also highlighted the importance of considering disclosure reductions for IFRS 17 during the upcoming PIR of IFRS 19.
- 15 Another respondent highlighted an inconsistency in EFRAG's reasoning regarding the impact on prudence of the reduced disclosures. As a result, we propose removing the paragraph 84 from the FEA.
- 16 The respondents provided some drafting suggestions which have been considered by the EFRAG Secretariat in developing the final version of the endorsement advice.

#### **EFRAG FR TEG recommendation**

- 17 At its meeting on 19 September 2025, given the feedback received, EFRAG FR TEG agreed on limited drafting changes to the FEA, presented in the agenda paper 07-02 for this session, and recommended the FEA for approval to the EFRAG FRB.

#### **Next steps**

- 18 After approval by EFRAG FRB, EFRAG intends to publish the FEA by 30 September 2025.

**Agenda Papers**

19 In addition to this cover note, the following agenda papers is presented for this session:

- (a) 07-02 – IFRS 19 SWPA – EFRAG FEA track changes;
- (b) 07-03 – IFRS 19 SWPA – EFRAG FEA clean.

**Questions to EFRAG FRB:**

- 20 Does EFRAG FRB have any comments on the feedback received on the DEA on IFRS 19?
- 21 Does EFRAG FRB have any comments or suggestions on the drafting of the EFRAG FEA on IFRS 19?
- 22 Does EFRAG FRB approve the FEA on IFRS 19 for publication and submission to the EC?

## Appendix A – List of respondents

<b>NN</b>	<b>Name of respondent</b>	<b>Country</b>	<b>Type</b>
1	ICAC	Spain	National Standard Setter
2	OIC	Italy	National Standard Setter
3	ASCG	Germany	National Standard Setter
4	CFO Forum	Europe	Insurance Association
5	DASB	Netherlands	National Standard Setter
6	AFRAC	Austria	National Standard Setter