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IFRS 19 Subsidiaries without Public Accountability: Disclosures

Cover Note

Objective

- 1 The objective of this session is to obtain the views of EFRAG FR TEG on:
 - (a) the EFRAG Secretariat analysis of the results of the outreach activities performed on the project; and
 - (b) the drafting of Appendices 2 and 3 of the DEA.
- 2 Amended Appendix 1 and results of Orbis research on the number of entities potentially impacted by IFRS 19 by country are presented for information only.

Background of the IASB project

- 3 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.
- 4 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](#).
- 5 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"](#).
- 6 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

- 7 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.
- 8 The EFRAG FRB has confirmed the endorsement advice work plan proposed by the EFRAG Secretariat in its meeting on [8 October 2024](#).
- 9 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.

EFRAG FRB feedback

- 10 EFRAG FRB discussed and agreed with the proposed structure of the DEA at its meeting on 27 March 2025.
- 11 On the overview of results of Orbis research on the number of entities potentially impacted by IFRS 19 in EU, one EFRAG FRB member suggested to provide the split by country to understand the numbers better.
- 12 A representative of the European Commission commented that they expected only a rough estimation of the number of entities and acknowledged the limitations of the database and filters used.

Agenda Papers

13 In addition to this cover note, the following agenda papers are presented for this session:

- (a) 09-02 – IFRS 19 SWPA – Analysis of the outreach results;
- (b) 09-03 – IFRS 19 SWPA – DEA Appendices 2 and 3;
- (c) 09-04 - IFRS 19 SWPA - DEA Appendix 1 (for background only); and
- (d) 09-05 – IFRS 19 SWPA – Orbis research by country (for background only).