



EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL
MARKETS UNION

Financial Markets

Corporate reporting, audit and credit rating agencies

Brussels

FISMA.C.1/MT/sv(2024)7523584

Wolf Klinz

EFRAG FRB Chair

EFRAG

Square de Meeûs 35

B-1000 Brussels

efragsecretariat@efrag.org

**Subject: Request for endorsement advice on IFRS 19 *Subsidiaries without Public
Accountability: Disclosures***

Dear Mr Klinz,

Following the publication by the International Accounting Standards Board (IASB) of IFRS 19 *Subsidiaries without Public Accountability: Disclosures* on 9 May 2024, the European Commission would like to request EFRAG to deliver its opinion on the new standard.

The opinion of the EFRAG should be based upon the following conditions, against which endorsement is assessed in Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of International Accounting Standards, i.e. that the standard:

- meets the criteria of understandability, relevance, reliability and comparability required for financial information needed for making economic decisions and assessing the stewardship of management, and
- is not contrary to the principle of true and fair view set out in Article 4(3) of Directive 2013/34/EU and is conducive to the European public good.

EFRAG should support its advice by 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 and should assess outreach effects of the EU endorsement outside the EU. Furthermore, we would like to request a list of disclosure requirements that will remain, despite the endorsement of IFRS 19, to be done by companies using the standard, where Directive 2013/34/EU (Accounting Directive) would apply in conjunction. In this context, it would also be useful to examine whether a corresponding carve-out could

be made in IFRS 19, or whether general information of companies about this would suffice. EFRAG should prepare a draft in this regard.

Please take these matters into consideration, as appropriate, in your opinion.

I would be grateful if EFRAG would provide its endorsement advice by the end of September 2025 taking into account the need to address the matters raised and appropriate due process and consultation with European stakeholders.

We thank you in advance for your cooperation.

Should you have any questions, please contact Mr Miroslaw Tadajewski (+32 2 29 98 599) or Ms Franca Poliani (Telephone: +32 2 29 55 081).

Yours faithfully,

Electronically signed

Sven GENTNER
Head of Unit

c.c.: Sébastien Harushimana (EFRAG FR TEG Chair)