

STAFF PAPER

March 2021

Board Meeting

Project	Work plan
Paper topic	Timing of consultation documents
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (the Board). The views expressed in this paper do not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Purpose of the paper

1. In April and October 2020, the International Accounting Standards Board (Board) adjusted timetables for non-urgent projects to assist stakeholders coping with challenges arising from the covid-19 pandemic. Staff also committed to monitoring the situation to assess whether further changes were needed in the future.
2. Recent feedback, for example feedback publicly communicated at the February 2021 Advisory Council meeting and the December 2020 Accounting Standards Advisory Forum (ASAF) meeting, suggests that stakeholders continue to experience capacity constraints. This is due, in part, to:
 - (a) the volume of consultation documents published or shortly forthcoming, particularly where fieldwork is expected to be performed; and
 - (b) other engagement on projects outside of a formal consultation document, such as on the Post-implementation Review of the classification and measurement requirements in IFRS 9 *Financial Instruments*.
3. This situation has been exacerbated by the effects of the covid-19 pandemic, specifically:

- (a) previous publication deferrals and comment period extensions intended to relieve stakeholder capacity concerns have resulted in a concentration of documents ready for publication and out for comment.
 - (b) the challenging work environment continues to make it difficult for some stakeholders to engage.
4. This unusual confluence of events raises a question about whether special consideration should be given to further extend comment periods beyond the 120-day norm in the *Due Process Handbook*. This paper, therefore, assesses this need for both published and forthcoming major consultations expected in the next six months.

Summary of questions for the Board

5. This paper asks whether the Board agrees with the staff recommendation to extend the comment period for the:
- (a) Exposure Draft *Regulatory Assets and Regulatory Liabilities* from 150 days to 180 days.
 - (b) Exposure Draft on Disclosure Initiative—Targeted Standards-level Review of Disclosures from 180 days to 270 days.
 - (c) Request for Information on the Third Agenda Consultation from 120 days to 180 days.

Structure of the paper

6. This paper is structured as follows:
- (a) Arguments (paragraphs 7–16);
 - (b) Application of arguments to projects (paragraphs 17–30);
 - (c) Question for the Board; and
 - (d) Appendix A: Illustration of current vs. potential timetable.

Arguments

7. This section of the paper sets out arguments for and against timetable changes.

Against timetable changes

8. The *Due Process Handbook* states that the Board normally allows at least 120 days for comment on requests for information, discussion papers and exposure drafts. The usual consultation periods set out in the *Handbook* are intended to balance the need to obtain high-quality feedback from stakeholders with timeliness of standard-setting. This 120-day period is the norm. It was not adjusted in the recent update to the *Handbook* and was established with the view that this should typically provide sufficient time for considered feedback to be provided while allowing for translation, year-end reporting periods and holiday periods which vary around the world. The Board may deviate from this norm in special situations, such as when a consultation document is particularly complex or when the Board is proposing significantly new thinking, which may require additional time for the debate to mature. Many recent consultation documents have been published with more than the 120-day comment period. Although there have been good reasons, there is a risk that comment periods in excess of 120 days will become the new norm. Lengthening the comment periods on more documents risks further reinforcing this perception.
9. Timetable changes may delay important improvements to financial reporting.
10. Timetable changes may also cause a loss of momentum on projects, resulting in the need for greater internal and external resources, for example to accommodate personnel changes, to restart the project at a later date. It may also feed the perception held by some that the standard-setting process is unduly protracted.
11. Although there are a significant number of published and forthcoming consultation documents, they do not affect all stakeholders equally. For example, the Request for Information on the Third Agenda Consultation is a strategic consultation document which is likely to be of interest across a wide range of stakeholders. However, it may be less time-consuming to respond to than other consultation documents. Additionally, the Exposure Draft *Regulatory Assets and Regulatory Liabilities* will be of interest to a more targeted group of stakeholders compared to other consultation documents.
12. We have also observed that stakeholders have been able to provide timely, considered feedback on recent consultations even when comment periods were

shorter than the Board's normal 120 days (such as in the case of the exposure drafts related to covid-19-related rent concessions and IBOR phase 2). Similarly, the Trustees' *Consultation Paper on Sustainability Reporting*, which had a comment period of 90 days, received thoughtful feedback from over 550 commenters—although admittedly on a topic that many respondents view as urgent and that covered strategic, rather than detailed technical, matters.

For timetable changes

13. As noted in paragraph 3, challenges from the covid-19 pandemic persist for some stakeholders.
14. As noted in paragraphs 3 and 11, there are a significant number of published and forthcoming consultation documents. Although many stakeholders may not be interested in all consultation documents to the same extent, some stakeholders (such as national standard-setters, regulators and accounting firms) are likely to respond to all documents.
15. The Board has completed work on all urgent projects. Whilst it is important that we manage our timelines and complete the remaining projects in a timely manner, they are not urgent.
16. Sufficient time is critical to facilitate high-quality stakeholder feedback, which helps the Board continue to set high-quality globally accepted financial reporting standards. It also reduces the risk that previously unidentified issues surface after the Board has issued a Standard, leading to further amendments, which can be disruptive to users of financial statements and other stakeholders.

Application of arguments to projects

Overview

17. This section of the paper analyses the arguments in paragraphs 7–16, as applied to each project with a published or forthcoming consultation document. Overall, the analysis in paragraphs 19–30:
 - (a) seeks to take a holistic view of the timetable, making limited, targeted changes that balance the arguments in paragraphs 7–16.

- (b) is based on our view that any timetable changes should be made now, so that stakeholders can plan. This is in contrast to a ‘wait-and-see’ approach in which timetable changes could be made after publication of the consultation document. Staff thinks that a ‘wait-and-see’ approach would be disruptive to stakeholders, be unfair to those that were targeting the original deadline and set precedent for less discipline around deadlines in the future.
 - (c) excludes consideration of consultation documents on narrow-scope amendments¹, for which we believe a 120-day comment period continues to be reasonable in all cases.
18. Appendix A graphically presents the current and potential timetable, based on the analysis in paragraphs 19–30.

Discussion Paper Business Combinations under Common Control

19. This Discussion Paper was published in November 2020 with a 270-day comment period. As discussed in [Agenda Paper 8A](#) to the Board’s October 2020 meeting, this is because of concerns expressed at the October 2020 ASAF meeting on the previously-decided 180-day comment period. The staff does not recommend any further changes to this comment period.

Request for Information on the Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12

20. This Request for Information was published in December 2020 with a 150-day comment period. The staff does not recommend any changes to this comment period because:
- (a) by the time the Board meets to discuss this paper, approximately 75% of the comment period will have elapsed. We, therefore, assume that most stakeholders are in the final phases of their comment letter preparation and that additional time would not be significantly helpful.

¹ Specifically, the Exposure Draft *Lease Liability in a Sale and Leaseback* and the Exposure Draft on Lack of Exchangeability.

- (b) although the Request for Information covers three major Standards, the consultation document itself is seeking information, rather than proposing changes to financial reporting requirements that would otherwise demand more detailed analysis.

Exposure Draft Regulatory Assets and Regulatory Liabilities

21. This Exposure Draft was published in January 2021 with a 150-day comment period. We recommend extending the comment period to 180 days because:
- (a) the staff has received feedback from multiple stakeholders expressing concerns about the original deadline.
 - (b) unlike the Request for Information on the Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12:
 - (i) by the time the Board meets to discuss this paper, only approximately 35% of the comment period will have elapsed. We, therefore, assume that most stakeholders are in the early phases of their comment letter preparation and that additional time would be helpful.
 - (ii) the Exposure Draft is proposing a significant change to IFRS Standards.
 - (c) when the Board decided on a 150-day comment period in September 2020, Board members observed that this Exposure Draft affects a narrow group of stakeholders who have been following the project closely and are keen for the Board to progress. Therefore, we do not recommend extending the comment period beyond 180 days.

Exposure Draft on Disclosure Initiative—Targeted Standards-level Review of Disclosures

22. This Exposure Draft is nearing publication in March 2021. In June 2020, the Board decided on a 180-day comment period. When the Board revisited timetables in October 2020, it did not make any changes to the planned publication date. This is because publication had already been deferred six

months due to covid-19-related concerns about stakeholder capacity and an additional delay would have resulted in a further loss of project momentum.

23. However, we now recommend extending the comment period to 270 days. This is because:
- (a) this project is expected to involve fieldwork, which, as noted in paragraph 2(a), is a particular driver of stakeholder capacity constraints.
 - (b) the Board is introducing significant new thinking in this project (see paragraph 8). It is important that the comment period allows sufficient time for the debate to mature—including opportunity for fieldwork. In light of recent stakeholder feedback, we think this warrants an extension of the proposed comment period.

Request for Information on the Third Agenda Consultation

24. This Request for Information is nearing publication in March 2021. In February 2021, the Board decided on a 120-day comment period. The Board noted the ongoing challenges for stakeholders arising from the pandemic; however, on balance it decided it was more important to maintain momentum on this strategic consultation given that it has already delayed issuing the RFI by six months.
25. However, we now recommend extending the comment period to 180 days. This is because:
- (a) the staff has received feedback from stakeholders expressing concerns about this deadline.
 - (b) the Trustees recently announced a 90-day consultation on proposed changes to the *Constitution* (constitutional consultation), with a plan to make a final determination about the establishment of an international sustainability reporting standards board in advance of the November 2021 United Nations COP26 conference. An extension may allow time for greater clarity about stakeholder views on the Trustee constitutional consultation and the Trustees' next steps. This information may influence feedback on the Board's Third Agenda Consultation.

- (c) we do not expect capacity in H1 2022 to start new financial reporting projects added to the work plan as part of the Third Agenda Consultation. Therefore, an extension of the comment period, and the consequent deferral in the Board's decisions about its activities and updated work plan, would not affect the Board's work.

Exposure Draft on Management Commentary

26. We currently plan that the Exposure Draft on Management Commentary will be published around the end of April 2021. However, we are monitoring the timing of the publication of the Trustee constitutional consultation and may adjust the timing of the Exposure Draft on Management Commentary by a few weeks.
27. Agenda Paper 15 asks the Board to set the comment period for the Exposure Draft on Management Commentary.

Exposure Draft on Disclosure Initiative—Subsidiaries that are SMEs and Request for Information on the Post-implementation Review of the classification and measurement requirements in IFRS 9

28. Both the Exposure Draft on Disclosure Initiative—Subsidiaries that are SMEs and the Request for Information on the Post-implementation Review of the classification and measurement requirements in IFRS 9 are expected to be published in the third quarter of 2021.
29. The Board decided on a 180-day comment period for the Exposure Draft on Disclosure Initiative—Subsidiaries that are SMEs at its February 2021 meeting and will decide on the comment period on the Request for Information on the Post-implementation Review of the classification and measurement requirements in IFRS 9 at a future meeting.
30. The staff will continue to monitor stakeholder capacity to inform the timetables for these consultation documents closer to their publication.

Question for the Board

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1. Does the Board agree with the staff recommendation in paragraph 5 to extend the comment period for the:
 - (a) Exposure Draft *Regulatory Assets and Regulatory Liabilities* from 150 days to 180 days;
 - (b) Exposure Draft on Disclosure Initiative—Targeted Standards-level Review of Disclosures from 180 days to 270 days; and
 - (c) Request for Information on the Third Agenda Consultation from 120 days to 180 days?

Appendix A: Illustration of current vs. potential timetable

- A1. The table below compares the current vs. estimated timetable for all Board consultation documents, other than narrow-scope amendments and proposed IFRS Taxonomy updates, expected to be published in approximately the next six months. This table assumes:
- (a) unless otherwise already decided by the Board, a 120-day comment period, in line with the *Due Process Handbook*; these projects are highlighted in yellow.
 - (b) publication of forthcoming documents at the end of the month.
 - (c) publication of the Exposure Draft on Disclosure Initiative—Subsidiaries that are SMEs in late July 2021. Publication is expected in Q3 2021; the month is yet to be determined.
 - (d) publication of the Request for Information on the classification and measurement requirements in IFRS 9 in late September 2021. Publication is expected in Q3 2021; the month is yet to be determined.

	Current												Potential											
	2021											2022	2021											2022
	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
Consultation Document																								
Published																								
Discussion Paper <i>Business Combinations under Common Control</i>	■	■	■	■	■								■	■	■	■	■							
Request for Information on the PIR of IFRS 10, IFRS 11 and IFRS 12	■	■											■	■										
Exposure Draft <i>Regulatory Assets and Regulatory Liabilities</i>	■	■	■										■	■	■	■								
Forthcoming																								
Broad-based technical topics																								
Exposure Draft on Management Commentary		■	■	■	■									■	■	■	■							
Exposure Draft on Disclosure Initiative—Targeted Standards-level Review of Disclosures	■	■	■	■	■	■							■	■	■	■	■	■	■	■	■			
Exposure Draft on Disclosure Initiative—Subsidiaries that are SMEs					■	■	■	■	■	■							■	■	■	■	■	■		
Request for Information on the PIR of the classification and measurement requirements in IFRS 9							■	■	■	■								■	■	■	■			
Strategic topics																								
Request for Information on the Third Agenda Consultation	■	■	■	■									■	■	■	■	■	■						