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Exposure Draft *Definition of Material* **Cover Note**

Objective

- 1 The objective of this session is to discuss the questions that are expected to be included in the forthcoming IASB Exposure Draft *Definition of Material* ('the ED') based on the tentative IASB decisions on the project and other publicly available information and obtain EFRAG TEG views on them.

Background

- 2 In April 2015, the IASB tentatively decided that a general disclosure Standard (such as IAS 1 *Presentation of Financial Statements* or a replacement Standard) should include proposed amendments clarifying the definition of materiality.
- 3 In December 2016, the IASB decided to accelerate the work by publishing a separate exposure draft amending the guidance on materiality contained in IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- 4 The forthcoming amendments are essentially aiming at:
 - (a) aligning the wording of the definition of materiality in IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and the *Conceptual Framework for Financial Reporting*;
 - (b) incorporating some of the existing supporting requirements in IAS 1 into the definition to give them additional prominence (including 'obscuring information', 'could reasonably be expected to influence'); and
 - (c) improving the clarity of the explanation accompanying the definition of materiality.
- 5 The IASB expects to publish the ED in end-June 2017, with a comment period of 120 days. At the same, the IASB is expected to publish the final Practice Statement on Materiality.
- 6 Following the publication of the ED, the EFRAG Secretariat will bring a draft comment letter to EFRAG TEG and ask EFRAG TEG to recommend it to the EFRAG Board.

Agenda Papers

- 7 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 06-02 *Towards a Draft Comment Letter*; and
 - (b) Agenda paper 06-03 *Follow up on the Materiality Practice Statement - for background only*.