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AUTORITÉ DES NORMES COMPTABLES

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PDC n°1

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Exposure Draft ED|2021|3—*Disclosure Requirements in IFRS Standards—A Pilot Approach*

Dear Andreas,

I am writing to you on behalf of the Autorité des Normes Comptables (ANC) to express our views on the above-mentioned Exposure Draft (ED).

This ED sets out the proposed principles that the IASB (Board) has developed for itself when developing and drafting disclosure requirements in future IFRS Standards (drafting guidance). The Board illustrated this drafting guidance to the disclosures in IFRS 13 *Fair Value Measurement* and IAS 19 *Employee Benefits*. This project is an additional milestone in the *Disclosure Initiative* which aims to improve effectiveness of disclosures in financial statements. We welcome the thrust of this project because it is the first time the Board has set out a methodology to develop and draft the disclosure requirements in IFRS Standards. Developing such a methodology may ensure that disclosure requirements focus on the information users really need whilst helping entities better apply their judgement when disclosing information. Overall, we see benefits for all stakeholders who can have a better understanding of disclosures' goals. We also appreciate the extent of work undertaken in the context of this project —either when developing the ED over the past year or when field testing the proposals—together with the willingness to develop bold proposals.

That being said, we are not convinced that the proposed approach is going to be the 'game changer' the Board expects. Overall, we have mixed views on the Board's proposals. We welcome and support the introduction of disclosures objectives even though we have reservations on the drafting and content of some proposed objectives for IFRS 13 and IAS 19. In contrast, we do not support the use of the proposed language for items of information and the 'compliance shift' arising therefrom—it is unlikely to bring sufficient information benefits to users with regard to the costs it may entail for other stakekolders. We support the approach that is embedded in existing IFRS Standards ie disclosing the required items of information subject to the materiality assessment.

In preparing our main comments on the three main parts of the ED—ie the proposed drafting guidance and the proposed amendements to (i) IFRS 13 and (ii) IAS 19—, we considered the following questions:

- do we agree with the Board's observations on the disclosure problem?
- is the proposed approach really needed and can it be a solution, *as drafted*, to the above-mentioned disclosure problem?
- can the proposed approach, *as tested*, be implemented at a reasonable cost while providing substantial information benefits?
- what would be our proposals should we not agree with the Board's proposals?

Our letter builds on the views of a wide range of stakeholders (users, preparers, auditors and regulators) and benefited from some preparers' feedback who participated in the IASB's and EFRAG's field testing.

- **Preliminary views on the current perception of the 'disclosure problem'**

We agree that the use of a checklist as sole basis for determining the information to disclose results in the preparation and review of the notes to the financial statements being a compliance exercise. This may lead to the disclosure problem. However, the Board should not assume this being a general truth. In our view, the existing principles in the *Conceptual Framework for Financial Reporting* (Conceptual Framework) together with the requirements in IAS 1 *Presentation of Financial Statements* already provide a good basis that guides entities in exercising their materiality judgement with regard to the information to disclose. We observe that stakeholders in our jurisdiction are generally familiar with the use of such judgement and are not aware of this creating widespread implementation difficulties in France.

We think the 'disclosure problem' is often conflated with the 'disclosure overload'. In our view, many criticisms relating to disclosures arise from the fact that the purpose of a number of disclosure requirements is often unknown—thus, resulting in the perception of financial statements being unduly marred by information with little usefulness (but with significant production costs). This does not imply that disclosures overall lack usefulness.

Accordingly, we have doubts about the pervasiness of the disclosure problem. We also have doubts about its acuteness. We acknowledge that the disclosure problem, if equated to the overload issue, could cause significant concerns if information were to be mostly 'consumed' through printed or on-screen materials. This was the case some years ago. In a digital reporting era, users may now easily navigate through a huge amount of data to target the information they need, assuming they have appropriate digital search tools. For such users, the likelihood that immaterial information overall obfuscates information that is material is less important than it could have been some years ago. This does not mean disclosure requirements should permit entities to disclose information that is immaterial—this ultimately always reduces the quality of financial information and results in uncessary costs for preparers. This simply means the overload issue is less severe and thus may not warrant 'radical solutions' to tackle it (such as waiving the use of prescriptive language when drafting disclosure requirements).

- **Is the proposed approach needed and can it be a solution, *as drafted*, to the disclosure problem?**

Developing a solution to a given problem requires assessing the magnitude of this problem and whether the measures already in place are sufficient to address it.

This project is part of the *Disclosure Initiative* that has already delivered several narrow-scope standard-setting projects together with a Practice Statement on making materiality judgements. Those works have strengthened the focus of the notes on information that is useful by improving the framework for making materiality assessments. They have also raised awareness among stakeholders about how best to make those assessments. Stakeholders have also benefited from their long-standing experience with applying IFRS Standards—many entities in France have now been applying IFRS Standards for more than fifteen years. This background provides evidence that the 'disclosure problem' may no longer justify 'radical solutions'. We think the Board should instead focus on (i) improving the structure of the existing disclosures requirements and (ii) explaining how the required items of information are expected to meet users' needs.

Consistent with our view above, we agree with the need to promote the use of judgement to determine the information to disclose. We nonetheless agree this judgement should be applied on a clear basis. The existing requirements in IAS 1 and the principles in the Conceptual Framework provide a generic basis for doing so. Individual IFRS Standards need to provide further guidelines on how best to apply judgement. Accordingly, we support the proposal of introducing overall and specific objectives in IFRS Standards—this is because they provide the necessary context that clarifies what information users need and how they will use that information. However, we (i) do not support the way paragraph DG8 of the ED which as drafted, requires entities to ensure the completeness of the information disclosed—and implies that entities have to 'second-guess' the needs of all users—and (ii) instead suggest putting emphasis on the need to apply judgement from the entity's perspective to identify all material information that will meet users' needs and specific disclosure objectives—paragraph 21 of this letter explains our reservations in this respect.

We support the principle of specifying disclosure objectives but not to the extent that they should be the 'acid test' for assessing compliance. Consequently, we do not support the 'compliance shift' from the individual disclosure requirements to the disclosure objectives. We disagree with the introduction of the 'while non-mandatory' items of information for the reasons set out in paragraphs 27–29 of the letter. In particular, we think that developing objective-based disclosure requirements without requiring disclosure of specific items insufficiently considers the interaction with other aspects of the IFRS literature and the current changes in the overall reporting environment––ie digitisation (including the role of taxonomy) and the development of sustainability reporting (see paragraphs 13–19 of this letter). With regard to the development of sustainability reporting, we think of utmost importance that disclosures in the notes to the financial statements be developed using principles that are consistent with those that will be applied to disclosures for sustainability reporting so as to create 'connectivity'.

Should the proposed drafting guidance be ultimately retained, we seek clarifications as to whether the Board intends to review the disclosure requirements specified in all existing IFRS Standards and, if so, what its priorities would be. These questions may be worth being considered in the context of the practical issues raised by differing provisions for a given item of information that would be mandatory in existing IFRS Standards disclosure requirements and would be set as a 'while non-mandatory' items of information in a new standard-setting project.

- **Can the proposed approach, *as tested*, be implemented at a reasonable cost while providing substantial information benefits?**

Overall, we are unsure of whether the proposed amendments to IFRS 13 and IAS 19, as currently drafted—ie using a less prescriptive langage for items of information—and without any further adjustments or refinements to the disclosure objectives would deliver benefits that exceed their costs for all stakeholders. The main reasons underpinning our assessment are set out below.

  - ***The scope retained to test the proposed drafting guidance***

We welcome the Board's initiative to test its proposed approach to check whether it results in (i) significant improvements to the development and drafting of the disclosure requirements, (ii) a change in stakeholders' behaviours, and ultimately (iii) an improvement to the usefulness of the information entities disclose in the notes to their financial statements.

We highlight the limitations of testing the proposed drafting guidance on two existing Standards because this guidance would apply, if finalised, to new IFRS Standards that would involve new areas of focus. We also disagree with the Board's decision to test the proposed approach on the disclosure requirements in IFRS 13—we think that the disclosures in IFRS 7 *Financial Instruments: Disclosures* would have been a more suitable candidate for this test (see paragraph 38 of this letter).

We also understand that field testings only involve preparers' responsiveness to the proposed approach. We regret that the field tests have not been designed to include the ultimate step in the disclosure process ie the auditors' opinion and the regulators' review. It would have been useful to ask auditors to provide their feedback on the consequences of the revisited disclosures on their audit assessment. This would tally with the Board's view that '*addressing the overall disclosure problem will require all those involved in financial reporting to play their part*'.

  - ***How the proposed approach affected the proposed amendments?***

We support the Board's methodology to develop disclosure requirements. In particular, we consider the 'upstream analysis' described in paragraphs BC28(a)–BC28(c) of the ED as significant added-value to share a common understanding of what is considerered as useful information and how it could be organised. However, those steps are not precisely described in the Basis for Conclusions on the proposed amendments to IFRS 13 and IAS 19. This lack of description may:

- raise doubts on the real benefits of the proposed approach. The stakeholders in our jurisdiction who tested the Board's proposals observed that the proposed approach has not resulted in significant changes to the information entities would have to disclose in relation to employee benefits. This almost 'status quo' outcome for the disclosures in IAS 19 conveys the feeling that the existing requirements have broadly been reorganised into chapters (the specific objectives) without any substantial change. Some might arguably raise questions about how users' needs have been identified. Conversely, some may argue that the field tests demonstrate that the existing disclosure requirements in IAS 19 already provide useful information and accordingly, that no substantial change was warranted.
- obfuscate the manner specific objectives have been developed. In our view, it is unclear why two specific objectives have been proposed in the amendements to IAS 19 to cover the general topic of how the defined benefit plans are expected to affect an entity's future cash flows (see paragraph 71 of this letter).
- reduce stakeholders' support for the approach because they cannot understand how and why the proposed disclosures have been developed.

We finally observe that the proposed methodology creates practical issues with regard to the drafting of disclosure provisions:

- the use of similar wordings in disclosure objectives and items of information but with variations with regard to the level of prescription—objectives requiring entities to disclose information and non-mandatory items of information being less prescriptive—may inadvertently end up obfuscating the overall understanding of the requirements (see paragraphs 41–42, 65 and 70 of this letter).
- we question the need for applying the disclosure objective approach, in its entirety for matters that might not need to be disclosed (see paragraphs 99–102 of this letter relating to disclosures for defined contribution plans and other types of employee benefit plans).

In the light of the above observations and of the outcome of the field tests performed by some preparers, we have not seen how the proposed drafting guidance would translate into significant information benefits when applied to the disclosure requirements in IFRS 13 and IAS 19.

- ***The additional costs the proposed drafting guidance entails***

We think that applying the proposed approach would result in significant additional costs in relation to the preparation and review of the disclosures (see our comments in paragraphs 27.b, 46.a, 49 and 91 of this letter). We acknowledge those costs would be incurred for the purpose of providing of better information but we doubt the related potential benefits would exceed those costs. In particular, we think that applying the proposed approach could be challenging for *some* entities because they would have to strengthen their internal control procedures for disclosures (ie collecting, reviewing, selecting information to be disclosed and having this information being subject to governance oversight). Increasing the reliance on materiality judgements would also result in additional documentation costs for *all* entities and review costs for their auditors.

The proposed approach also suggests entities develop their own checklist to meet the specific information objectives. We think this would require time and efforts and finally be costly in comparison to a list of mandatory items specified in an IFRS Standard that may help achieve the same outcome at lower costs.

Whatever decision the Board might make on the implementation of the proposed guidance for developing and drafting disclosure requirements in IFRS Standards, we also disagree with some proposed changes to the disclosures in IFRS 13 or IAS 19. We think they are questionable from a conceptual basis and would be onerous to implement. In this respect, we (i) challenge the benefits of introducing a specific objectives for reasonably possible alternative fair value (FV) measurement (see paragraphs 43–46 of this letter), (ii) reject the purpose of setting a specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes (see paragraphs 58–65 of this letter) and (iii) disagree with the proposal to require the disclosure of the deferred tax asset or liability arising from the defined benefit plans (see paragraph 82 of this letter). Specifically, we consider that the disclosure of sensitivity analyses––subject to some improvements––is preferable to the proposed disclosure of reasonably possible alternative FV measurement (see paragraph 47 of this letter).

- **What would be our proposals should we not agree with the Board's proposals?**

We support the existing prescriptive language for individual items of information in combination with (i) the introduction of overall and specific disclosure objectives and (ii) the development of additional guidance on the application of the materiality concept in the notes to the financial statements––in particular on how to assess completeness with regard to material information that enables to meet the specific disclosure objectives.

In our view, this would leverage the benefits of contextual information and the overall compliance to the disclosure objectives and would act as a 'last call reminder' to ensure that material information has been disclosed. This would also benefit from the experience stakeholders have acquired when applying IFRS Standards including mandatory items of information.

Such an approach would also appropriately respond to our perception of the disclosure problem––not primarily being a matter of 'overload' but rather a matter of lack of clarity about why an IFRS Standard requires some disclosures. The systematic introduction of disclosure objectives would make the overall disclosure more meaningful and thus, would ultimately convince all stakeholders of the usefulness of information that is disclosed. The use of mandatory items of information (subject to materiality assessment) is an appropriate non-complex solution to a problem whose pervasiness is limited.

We also think that such an approach would mitigate the risks of a loss of comparability and would safeguard the connectivity between financial and sustainability reportings.

We finally think such proposal could benefit fom additional suggestions in paragraphs 32–33 of this letter.

Should you need any further information, please do not hesitate to contact me.

Yours sincerely,

Patrick de Cambourg

Patrick de Cambourg

APPENDIX A

Question 1—Using overall disclosure objectives
Paragraphs DG5–DG7 of this Exposure Draft explain how the Board proposes to use overall disclosure objectives in future. a. Do you agree that the Board should use overall disclosure objectives within IFRS Standards in future? Why or why not? b. Do you agree that overall disclosure objectives would help entities, auditors and regulators determine whether information provided in the notes meets overall user information needs? Why or why not?

1. We welcome the Board's initiative to propose a new approach to developing and drafting disclosure requirements in IFRS Standards. We continue to support the use of financial statements (FS), including the notes, as a primary tool for financial communication. Accordingly, we support any initiative that would enhance the usefulness and clarity of FS and related disclosure and thus, would help solve the 'disclosure problem' as described in paragraph BC1 of the ED.
2. We support a methodology that aims to define users' information needs and clarify how users will use that information—this should help distinguish 'must have' items of information and those that are only 'nice to have'. Such a methodology would help ensure that overall and specific disclosure objectives target relevant information while dispelling any suspicion that information produced is of limited interest.
3. We consider that a principle-based approach that better helps entities (i) understand users' information needs and (ii) focus on that information is conducive to an empowerment of entities to better assess the information to include in the notes to the FS. We expect the proposed approach to continue encouraging entities to exercise their judgement and thoroughly considering what information they regard as important to disclose for a given reporting period. Overall any such approach may only have a virtuous effect on the content of notes to the FS. We note that many of our stakeholders who tested the proposed approach in the ED saw it as an opportunity to take a fresh look at the content of their notes and to rethink their relevance to users.
4. We think that such an approach will also necessitate strengthening the governance process around the preparation and review of the notes. This, in turn, will increase the involvement of senior management in the preparation and review of the FS.
5. Therefore, we support the use of overall disclosure objectives because they symbolise this approach by being guiding threads to gather relevant and material information for a specific standard in continuation of the requirements in IAS 1 relating to the notes to the FS.
6. However, we think the proposed approach would create implementation issues (see paragraphs 7–12) and insufficiently considers the overall reporting environment (see paragraphs 13–19).

- **Implementation issues**

7. We acknowledge the potential strong merits of the proposed methodology. However, we consider that the results of the field testings and its application over time will help clarify if it is able to trigger a virtuous effect.
8. We have doubts on the usefulness of a non-prescriptive language (see paragraphs 27–28). We think this could lead to opposite outcomes depending on preparers' attitudes. There is a risk all non-mandatory items of information might be perceived as mandatory items of information in practice—this is because disclosing such items could help entities feel more confident about their ability to comply with the overall and specific disclosure objectives. In contrast, there is also a risk non-mandatory items of information might not be disclosed at all—this is because entities might (i) understand they do not have to present those items and (ii) only focus on mandatory items of information. Such outcomes could significantly reduce the expected benefits of the Board's proposed methodology.
9. In our view, the standard-setting process underpinning this ED is moving too quickly. We think the Board should have, as a first step, assessed whether—and, if so, the extent to which—users' information needs reconcile with the existing disclosure requirements in IFRS 13 and IAS 19—in particular whether those information needs fit into the existing overall and specific objectives set out in those two IFRS Standards. In doing so, the Board would have clarified if the users are only investors and how their needs, that could be widely divergent, have been selected. As a second step, the Board should have built on this analysis to propose amendments to the existing requirements. We note the the Board instead preferred to 'start from a blank sheet of paper'. This explains some reservations we have on the implementation of the proposed methodology on IFRS 13 and IAS 19.
10. Ultimately, we do not observe significant changes in the information an entity would be required or suggested to disclose applying the proposed approach set out in the ED compared to the information an

entity is required to disclose applying the existing requirements in IFRS 13 and IAS 19. With regard to items newly proposed by the ED, we have some strong reservations (see our answers to the questions related to those proposals).

11. This observation is notably confirmed by many of our stakeholders who applied the proposed approach to IAS 19. This could come as a surprise because there has been a long-standing perception that disclosures about employee benefits could be significantly improved. In absence of a first step analysis (see above paragraph 9), we struggle to understand this almost 'status quo' outcome. This could result from (i) a mere reorganisation of the existing requirements into chapters (the specific objectives) or (ii) users' needs indirectly confirming that the existing requirements in IAS 19 already provide useful information.

12. Accordingly, we think the Board should better document the analysis of users' needs. This could promote stakeholders' support to the proposed methodology and would eventually accelerate the change in behaviours. We therefore suggest the Board include this analysis for both IFRS Standards in the Basis for Conclusions on any final amendments.

- **Lack of connection with the overall reporting environments**
    - ***IFRS Standards environment***

13. The proposed methodology does not provide an overall perspective on the general role of the notes to the FS and accordingly, on the type of information that an entity should include in the notes. Absent aby such perspective, there is a risk that entity-specific information, not directly required by the proposed specific disclosure objectives but emphasised by the flexibility left to entities to meet the disclosure objectives, may fall outside the scope of the information that must be part of FS. Therefore, we suggest the Board provide clarification on the type of information expected in the notes in support of the proposed approach.

14. Our stakeholders also highlight the lack of (i) clarity on how this approach reconcile with other IFRS Standards and (ii) connections with other projects promoting better financial communication. In particular, they are surprised that the Exposure Draft *Management Commentary* proposes a differing approach for structuring disclosures by specifying three types of objectives—'*headline objective*', '*assessment objectives*' and '*specific objectives*'—without the Board providing detailed explanations how these objectives reconcile with the proposed approach in the ED. They also note that the Board did not tentatively propose to apply the proposed approach to subsidiaries without public accountability[1].We think that more clarity on how the approach interacts with other projects in progress would better illustrate the Board's efforts to solve the disclosure problem and promote stakeholders' support to this initiative.

15. We finally welcome the Board's objective of working with the IFRS Taxonomy team described in paragraph BC49 of the ED. However, we have not identified whether such collaboration had any effect when developing the proposals applicable to IFRS 13 and IAS 19.

    - ***Business and IT environments***

16. We are aware that the reflections relating to the implementation of such a transformational project are not recent while the reporting digitisation and environment together with sustainability matters have taken on greater importance over the recent years very recently. However, we wished that the proposed methodology had initiated some steps forward to enable the integration of this methodology into these changing contexts.

17. In our view, the digital financial reporting development may change the perception of the disclosure problem because it fundamentally changes the way users 'consume' information. Consistent with our answer to Board's Third Agenda Consultation[2], we encourage the Board to evaluate whether the changes in digital consumption of financial information should affect the way it develops disclosure requirements. For example, putting aside the burden of preparing the disclosures which, we think, remains a real problem, the volume of information presented in the notes and/or and the presentation in the notes of information that is not so material may not be acute matters for users who are now able to navigate through information using digital research tools—this may be a bigger problem if users have to leaf through a printed copy or an on-screen version of an entity's FS.

18. In the same answer to the Board's Third Agenda Consultation[3], we explained why (i) connectivity between sustainability and financial reportings is going to be essential and (ii) its operationalisation should become a priority. We (i) agree that the practical way of reaching the objectives of connectivity will be a long-term project for the Board and (ii) are convinced that the progressive and parallel implementation of this methodology and sustainability reporting is a valuable opportunity to work in coherence to maximise the

[1] Exposure Draft *Subsidiaries without Public Accountability: Disclosures*
[2] In page 4 of our letter
[3] In page 5 of our letter

connections between reportings and avoid the duplication of information. Accordingly, we are surprised that the proposed methodology is silent on such opportunity.

19. We finally highlight that two (sector agnostic and sector specific) of the three layers of reporting of the tentative target architecture of EU sustainability reporting that may come into force in all EU countries, specify mandatory disclosures. Should the Board progressively permit connections with other reporting sets, we are concerned that the differing obligations—mandatory or non-mandatory— applying to common items of information between these reportings, would create practical difficulties for EU entities presenting financial information under IFRS Standards and non-financial information under the proposed EU sustainability reporting. An appropriate consistency should be sought between the levels of prescriptions of the two set of reporting requirements.

Question 2—Using specific disclosure objectives and the disclosure problem
Paragraphs DG8–DG10 of this Exposure Draft explain how the Board proposes to use specific disclosure objectives in future. a. Do you agree that specific disclosure objectives, and the explanation of what the information is intended to help users do, would help entities apply judgements effectively when preparing their financial statements to: i. provide relevant information; ii. eliminate irrelevant information; and iii. communicate information more effectively? Why or why not? If not, what alternative approach would you suggest and why? b. Do you agree that specific disclosure objectives, and the explanation of what the information is intended to help users do, would provide a sufficient basis for auditors and regulators to determine whether an entity has applied judgements effectively when preparing their financial statements? Why or why not?

20. We agree that the overall objectives should be broken down into specific disclosure objectives. This would help entities assess the items of information to disclose.

21. Having said that, we note that in paragraph DG8 of the ED, the Board specifies that '*specific disclosure objectives will describe the detailed information needs of users of financial statements and require an entity to disclose all material information that enables the user understanding described in the objectives to be achieved*'. We support requiring an entity to disclose all material information that it considers as being useful and relevant for the understanding of its FS. However, we fear that paragraph DG8, as drafted, may require a demonstration that is impossible to make. Assessing completeness is subjective: how can an entity be sure that all information has been produced to enable understanding by *all* users? We think that the emphasis should be on the application of judgement *from the entity's perspective*, having in mind the users' interests, on what is material and in a structured and rational manner. Such proposal would avoid entities facing a high degree of uncertainty as to whether they have complied with an IFRS Standard even if all information required or proposed has been disclosed. We suggest the Board retain this direction to develop some application guidance that will help preparers and auditors achieve completeness with regard to material information that enables to satisfy the specific disclosure objectives. In practice, our proposed approach would also require taking into account the views of different stakeholders having the knowledge and the understanding of the matter on which completeness applies. This would also require proper documentation that the auditors and entities' management would review. Consequently, in our view, only a full governance process around the preparation and validation of the content of the notes could provide a practical solution to approach completeness from a preparer's perspective and provide evidence from an auditor's perspective.

Question 3—Increased application of judgement
Paragraphs DG2–DG3 and DG8–DG13 of this Exposure Draft explain why, in future, the Board proposes to: a. use prescriptive language to require an entity to comply with the disclosure objectives. b. typically use less prescriptive language when referring to items of information to meet specific disclosure objectives. An entity, therefore, would need to apply judgement to determine the information to disclose in its circumstances. This approach is intended to shift the focus from applying disclosure requirements like a checklist to determining whether disclosure objectives have been satisfied in the entity's own circumstances. Paragraphs BC188–BC191 of the Basis for Conclusions describe the likely effects of this approach on the behaviour of entities, auditors and regulators towards disclosures in financial statements. Paragraphs BC192–BC212 of the Basis for Conclusions describe the likely effects of this approach on the quality of financial reporting, including the cost consequences of the approach. a. Do you agree with this approach? Why or why not? If not, what alternative approach do you suggest and why? b. Do you agree that this approach would be effective in discouraging the use of disclosure requirements in IFRS Standards like a checklist? Why or why not? c. Do you agree that this approach would be effective in helping to address the disclosure problem? For example, would the approach help entities provide decision-useful information in financial statements? Why or why not? d. Do you agree that this approach would be operational and enforceable in practice? Why or why not? e. Do you have any comments on the cost of this approach, both in the first year of application and in subsequent years? Please explain the nature of any expected incremental costs, for example, changes to the systems that entities use to produce disclosures in financial statements, additional resources needed to support the increased application of judgement, additional audit costs, costs for users in analysing information, or changes for electronic reporting.

22. We agree that using a checklist of disclosure requirements as the sole basis to determine the information to disclose may result in an entity disclosing information that may (i) not always be relevant and (ii) even obsfuscate other information that is useful. Such an approach for disclosing information leads to the described 'disclosure problem' situation.

23. We also note that some may find the use of prescriptive language in IFRS Standards applying to disclosure requirements as being misleading because that language could be read as a binding obligation to comply with them.

24. However, the 'disclosure checklist syndrome' does not affect all stakeholders. It does exist but this is no general truth. We note that the existing requirements in IFRS Standards (i) already provide a sufficient conceptual basis to guide entities in relation to the information they shall disclose and thus, (ii) should already help solve the 'disclosure problem'[4]. IFRS Standards specify disclosure requirements but entities are required to apply their judgement to assess whether the information deriving from the requirements is material—if the information is not material, the entity shall not disclose it. We observe that stakeholders in our jurisdiction (preparers, auditors and regulators) are familiar with the use of judgement with regard to materiality, having applied IFRS Standards for now more than 15 years—we are not aware this type of judgement creating widespread implementation difficulties in France.

25. Those observations being made, we have mixed views on the proposed approach.

26. We support the thrust of the proposed approach to the extent that it promotes the use of judgement. Applying judgement is the cornerstone of a principle-based accounting framework. Judgement is subjective. We agree it should be applied on a clear basis. In that sense, we support the overall and specific information objectives because they guide an entity in how to apply its judgement—they provide context by clarifying which information users need and how they will use that information.

27. However, we do not support the compliance shift from the individual disclosure requirements to the disclosure objectives. Thus, we have reservations about the introduction of 'while non-mandatory' items of information. We think the above-mentioned shift would introduce unnecessary complexity, would result

[4] For example, paragraph 31 of IAS 1 states '*an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance*.'

in no significant cost savings—it would even increase costs— and would translate in little additional benefits :

a. unnecessary complexity: complying with disclosure objectives rather than with specific disclosure requirements (to which materiality would apply) may create some uncertainty because an entity may never have full assurance it provides the required information. This would also require extensive documentation work to explain how the entity has applied its judgement. This, in turn, may result in lengthy and complex discussions with auditors and regulators.

b. no significant cost savings: we think that, in practice, most of the workload related to the data collection, analysis and documentation would be unchanged. Entities would still need to use a checklist to collect data. The proposed approach invites entities to develop their own checklist (‘bespoke checklist’). However, developing a bespoke checklist is likely to require time and efforts whereas a list of mandatory items specified in an IFRS Standard may help achieve the same outcome at minimal costs. As explained in paragraph 21, the proposed approach is expected to require developing or strengthening internal control about the production and review of the notes. We (i) agree this could be beneficial to entities and (ii) note that entities have so far implemented such a process. However, different levels of maturity exist. We doubt that all entities have the operational capacity to implement a governance process up to the extent required by the Board’s proposals. We also doubt all entities could afford the related costs. These governance costs would add to the other costs resulting from the proposed approach with regard to (i) the preparation of the notes if additional information has to be presented to meet a particular objective or (ii) the adjusments to make to information systems to collect relevant information. Accordingly, the proposed approach may significantly raise the bar for entities which do not currently have any such robust process in place. Therefore, we suggest the Board give heed to comments made on this matter to assess whether the benefits of the proposed approach exceeds its costs for all entities.

c. little additional benefits: as explained in paragraph 10, the proposed approach, when tested on the basis of the proposed amendments to IFRS 13 and IAS 19, has not shown any significant changes to the information entities would ultimately disclose.

28. Additionnaly, we think that specifying ‘non-mandatory items of information’ may create practical difficulties:

a. we think this could lead to opposite outcomes depending on preparers’ attitudes: non-mandatory items of information might either become mandatory items of information in practice or might not be disclosed (see paragraph 8).

b. the use of similar wordings in disclosure objectives and items of information but with variations with regard to the level of prescription—objectives requiring entities to disclose information and non-mandatory items of information being less prescriptive—may inadvertently end up obfuscating the overall understanding of the requirements.

c. a IFRS Standard may require an entity to disclose an item of information that is, itself, non-mandatory applying the revised disclosures for IAS 19 and IFRS 13. Any such discrepancies are likely to create confusion.

29. In the light of the difficulties outlined above, the proposed non-mandatory disclosures items may become a new checklist—this would contradict the Board’s intention. This checklist may often be unavoidable for internal reporting purpose because of the need to collect the broadest set of information before making materiality judgement.

30. On balance, we think there is no compelling case for retaining the proposed approach. Accordingly, we support the current wording for specifying disclosure requirements for which an entity complies subject to relevance and materiality—‘an entity shall disclose’ or ‘an entity discloses’—in combination with overall and specific information objectives. We think this combination is the most effective way to improve the relevance of disclosures.

Question 4—Describing items of information to promote the use of judgement
The Board proposes to use the following less prescriptive language when identifying items of information: '*While not mandatory, the following information may enable an entity to meet the disclosure objective*'. Paragraph BC19–BC26 of the Basis for Conclusions describe the Board's reasons for this language and alternative options that the Board considered.   Do you agree that the proposed language is worded in a way that makes it clear that entities need to apply judgement to determine how to meet the specific disclosure objective? If not, what alternative language would you suggest and why?

31. As explained in Question 3, we disagree with the principle of introducing 'non-mandatory items'. Any variation of language as described in paragraph BC21 is unlikely to change our view in this respect.

Question 5—Other comments on the proposed Guidance
Paragraphs BC27–BC56 of the Basis for Conclusions describe other aspects of how the Board proposes to develop disclosure requirements in IFRS Standards in future applying the proposed Guidance. Paragraphs BC188–BC212 of the Basis for Conclusions explain the expected effects of any disclosure requirements developed using the proposed Guidance.   Do you have any other comments on these aspects? Please indicate the specific paragraphs or group of paragraphs to which your comments relate (if applicable).

- **Additional suggestions to improve the benefits of the proposed approach**

32. We think that communication on the proposed approach will be a necessary key driver to its success. In extending its communication on the proposed approach, the Board should further clarify the proppsed approach's primary intention (see point a.) and could leverage fact patterns illustrating how this approach would successfully apply (see point b.):

    a. confusion between the 'disclosure problem' and the 'disclosure overload': some had expected the new approach to reduce the quantity of information presented in the notes. The outcome of the field testing may disappoint those expectations because the proposed approach may not systematically change the notes from a quantitative perspective––it may even result in entities disclosing more information. There might be an expectation gap that the Board should manage[5]. Thus, we encourage the Board to extend its communication by focusing on the primary intention of the proposed approach—improve the relevance of information presented—that would only *incidentally* affect the volume of the latter (that could either increase or decrease).

    b. fact patterns: the feeling of uncertainty derived from the application of judgement could remain an hurdle to the implementation of the approach. Preparers and auditors have concerns about extensive discussions to assess the judgements made at periods of the year during which time is a heavy constraint. We think that concrete cases illustrating how <u>all</u> stakeholders play their part could (i) improve confidence that judgement can converge when considering relevance and materiality of the information to be presented and (ii) stimulate the appetite for a review of information presented in the notes.

33. Autorised cross-references with other documents: IFRS 7 permits, in specified circumstances[6], to incorporate disclosures in FS by cross-reference. To avoid useless duplication of information, we suggest the Board consider the extension of such cross-referencing to other disclosures as well.

- **The likely costs of the proposals on transition requirements**

34. We agree with the Board's expectations on the likely costs of the proposals in paragraphs BC201–BC206. However, we are not convinced that using the proposed drafting guidance will help reduce the burden of preparing information to be presented in the notes. In our view, not presenting an item of information that could be material to an entity, is the last short step of a lenghthy process that includes the collection of

[5] We acknowledge the Board's observations in paragraph BC11 and Table 4 of the ED whereby a change in the volume of an entity's disclosures may be a consequence of this project but is not the objective of the project. That being said, we think those observations have rather been unnoticed.

[6] Paragraph B6 of Appendix B Application guidance states that '*the disclosures required by paragraphs 31–42 shall be either given in the financial statements or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete*.' Paragraphs 31–42 refer to the nature and extent of risks arising from financial instruments.

data and the decision process to disclose information. The gain is therefore marginal and unlikely to offset the additional costs described in paragraph 27.b. Therefore, we encourage the Board to carefully consider transition requirements for the proposed amendments to IFRS 13 and IAS 19 should they be finalised—their implementation would require enhanced decision and validation process and additional IT tools to compute, collect, consolidate and present the required information.

Question 6—Overall disclosure objective for assets and liabilities measured at fair value in the statement of financial position after initial recognition
Paragraphs BC62–BC73 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objective for assets and liabilities measured at fair value in the statement of financial position after initial recognition. Do you agree that this proposed objective would result in the provision of useful information that meets the overall user information needs about assets and liabilities measured at fair value in the statement of financial position after initial recognition? If not, what alternative objective do you suggest and why?

35. We agree with the overall disclosure objective requiring an entity to disclose information that enables users to evaluate the entity's exposure to uncertainties associated with fair value (FV) measurements of classes of assets and liabilities measured at FV in the statement of financial position after initial recognition. We think the proposed objective will meet the users' information needs as described in paragraphs 100(a), 100(b) and 100(c) and thus, concur that it will result in useful information.

36. Paragraphs 100–101 of the ED align with our expectations set out in our answer to the Post-Implementation Review (PIR) of IFRS 13[7]. Our stakeholders report that they often struggle to understand the usefulness of very detailed disclosure requirements when such requirements relate to information that is not material. We are therefore supportive of requiring entities to apply their judgement with regard to the level of detail necessary to satisfy the disclosure objectives to '*ensure that relevant information is not obscured by the inclusion of insignificant detail*'.

37. Notwithstanding our support to the overall disclosure objective, we have some observations on (i) the IFRS Standards retained for the standard-level review of the guidance and (ii) the articulation of this overall disclosure objective with specific disclosure objectives and the related items of information.

- **Retaining IFRS 13 to illustrate the Board's proposed drafting guidance**

38. In its Project Report and Feedback Statement on the PIR of IFRS 13, the Board explained that it '*acknowledged that, although disclosures relating to fair value measurements are useful to users of financial statements (particularly for Level 3 measurements), there might be scope for improvement'*. It also explained that the findings of the PIR would feed a standard-setting project on the review of disclosures on some IFRS Standards, including IFRS 13. We welcome the fact that the Board drew some lessons from the IFRS 13 PIR. However, the fact that the Board retained IFRS 13 as a test case of its drafting guidance came as a surprise for our stakeholders. In line with the Board's general comment, they agree that the disclosure requirements in IFRS 13 are sometimes costly for preparers to apply but they note that those disclosure requirements provide useful information. In other words, they agree that there is headroom for improvement in this respect but maybe not to the extent that the Board should fundamentally reconsider those requirements. In our stakeholders' view, the Board would have been more helpful by applying the proposed drafting guidance to other IFRS Standards such as IFRS 7—in their view, IFRS 7 creates practical challenges with uncertainties as to whether all the information derived is really useful, and thus would have been a more suitable candidate for standard-setting.

- **Articulation between the objectives**

39. We observe that the proposed items of information to meet specific disclosure objectives proposed in this ED often align with the existing disclosure requirements in IFRS 13. This, in our view, provides further evidence that the existing requirements overall cater for users' information needs.

40. However, we wished the Board had analysed the existing disclosure objectives and requirements in IFRS 13 and had assessed them against the feedback received from users instead of starting, or giving the impression of starting, 'from scratch'. Any such preliminary analysis would have helped understand why (i) some information items were retained, (ii) some others were removed and (iii) some new items were proposed. We recommend the Basis for Conclusions on any final amedments provides such an analysis. This would (i) clarify the overall articulation between the proposed objectives and (ii) enhance

[7] On page 2 of our cover letter, we wrote '*ANC believes that an introductory paragraph should be added to IFRS 13 disclosure requirements, providing a clear description of the disclsoures' objectives in order for preparers to be able to analyse materiality to apply judgements'*.

the Board's initiatives to both improve the relevance of information about FV measurements and reduce the risk entities disclose excessively detailed information.

41. We appreciate the aim of the proposed drafting guidance as described in paragraph DG1 of this ED—ie to enhance the use of judgement. However, we think that (i) the accumulation of similar wordings and (ii) for such similar wordings, the variations in the level of prescription between objectives descriptions (requiring entities to disclose information) and non-mandatory items of information, may inadvertently end up obfuscating the overall understanding of the requirements, creating confusion and ultimately result in entities providing less relevant information.

42. To illustrate this, we observe that paragraph 103 of the ED requires an entity to disclose information that enables users of FS to understand, amongst other items, the amount, nature and other characteristics of each class of assets and liabilities measured at FV. Meanwhile, applying paragraph 106 of the ED, an entity is not required to provide a description of the nature and the other characteristics of the same classes of assets and liabilities in each level of the FV hierarchy. We acknowledge that the provisions in paragraphs 103 and 106 are not exactly identical but we question how an entity would satisfy the disclosure objective in paragraph 103 without disclosing the item of information described in paragraph 106. We think that the interaction between (i) the objective disclosure in paragraph 107 and (ii) the non-mandatory item of information specified in paragraph 110 of the ED when considering the understanding of significant techniques and inputs used in determining the FV measurements creates a similar inconsistency.

Question 7—Specific disclosure objectives for assets and liabilities measured at fair value in the statement of financial position after initial recognition

Paragraphs BC74–BC97 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objectives about assets and liabilities measured at fair value in the statement of financial position after initial recognition, and discuss approaches that the Board considered but rejected.

a. Do you agree that the proposed specific disclosure objectives capture detailed user information needs about assets and liabilities measured at fair value in the statement of financial position after initial recognition? Why or why not? If not, what changes do you suggest?

b. Do you agree that the proposed specific disclosure objectives would result in the provision of information about material fair value measurements and the elimination of information about immaterial fair value measurements in financial statements? Why or why not?

c. Do you agree that the benefits of the specific disclosure objectives would justify the costs of satisfying them? Why or why not? If you disagree, how should the objectives be changed so that the benefits justify the costs? Please indicate the specific disclosure objective(s) to which your comments relate.

d. Do you have any other comments on the proposed specific disclosure objectives? Please indicate the specific disclosure objective(s) to which your comments relate.

43. We disagree with the objective that requires entities to disclose information on reasonably possible alternative FV measurements.

44. As a preliminary note, we welcome the fact that the Board built on the feedback on the PIR of IFRS 13 in relation to the quantitative analysis of the sensitivity of Level 3 measurements to reasonably possible changes in significant unobservable inputs. During this PIR, users expressed various views on the usefulness of such an analysis whereas most respondents with experience of preparing that information said it was costly to prepare. Paragraph BC86 of the ED also suggests this analysis may have limited informational value.

45. Further to the feedback received on the PIR, the Board decided to shift the focus of disclosures from sensitivity analyses to the range of reasonably possible FV. We note the fact that users may find information about the overall possible range of FV measurements at the end of the reporting period useful to their analyses. However, we have reservations on this new area of focus:

a. the notion of alternative value is insufficiently clear. For some of our stakeholders, the notion of sensitivity is preferable because it is based on the internal analyses carried out by the financial institutions. The degree of confidence in the FV is, our view, the information that matters most.

b. Level 2 and 3 FV measurements presented in the statement of financial position require the use of judgement. The alternative FV amounts disclosed in the notes of the FS would also require the use of judgement. Having the same nature of legitimacy (judgement-based valuations) as the FV presented in the statement of financial position, the alternative values could create confusion and then reduce users' trust in the FV presented on the statement of financial position.

c. Should the Board proceed with requiring disclosing alternative FV measurements, the purpose of such disclosures should be developed, for instance by demonstrating the usefulness of such information. Disclosing alternative FV of a single instrument could provide information about the potential effect on the net income and ultimately on the total equity of the uncertainty that is inherent to the valuation method. However, when considering portfolios of instruments that could include financial assets and financial liabilities, the assessment of the potential effect of uncertainties on the net income and on the total equity cannot result from the addition of alternative FV measurements of each individual instrument composing the portfolios. Providing a fair and useful information about such potential effect needs to take into consideration symmetrical positions and the related compensation. For example, if interest rate grows up, the FV of fixed rate financial assets will decline but the FV of fixed rate financial liabilities will increase symmetrically. The increase or decrease in the value of a given unobservable input would have the same effects.

46. Additionaly, should the Board proceed with the requirement to disclose alternative FV measurements, we think that such disclosure could create the following practical challenges:

a. the existing requirements specifying the disclosure of sensitivity analyses in IFRS 13 only apply to Level 3 FV. The proposed alternative FV would also apply to Level 2 FV presented in the statement of financial position at the reporting date. This means that entities would have to consider Level 2 and Level 3 measurements when disclosing alternative FV information. Entities operating in the banking, insurance, real estate and private equity industries often determine Level 3 FV and disclose the information required by IFRS 13. Those entities have developed tools for recurring and sometimes complex Level 3 FV estimations. Those entities would have to make adjustements to their information systems because such systems are currently designed to produce a differing item of information—ie a sensitivity analysis. Because the proposed disclosure objective also applies to Level 2 FV, those entities together with entities operating in other industries—and which have never been required to disclose sensitivity analyses so far because they do not have Level 3 FV—would have to collect information in relation to Level 2 FV and develop flexible[8] simulation tools to disclose the alternative FV (most notably for their investments or hedging instruments). Extension to Level 2 instruments also involves a much higher volume of instruments for financial institutions. Such increase in the scope of analysis will require additional time and IT tools to process all the alternative measurements. We therefore challenge the cost/benefit balance of such extension to all Level 2 instruments and suggest excluding 'vanilla' Level 2 instruments (such as regular interest rate swaps or regular options, for example).

b. paragraph 113(b) of the ED describes the range of alternative FV measurements using inputs that were reasonably possible at the end of the reporting period as an item of information that could help an entity meet the specific disclosure objective. We think necessary to give entities some flexibility in estimating the boundaries of the above-mentioned range. Nonetheless, the Board could specify some minimum requirements. For example, the Board could consider clarifying whether an entity considers (i) variances in main input(s) subject to volatility at the end of the reporting period or (ii) alternative inputs for all inputs of Level 2 and Level 3 FV. As stated in above paragraph 45.c, we also highlight that changes in inputs have similar effects (which potentially cancel-out each other in profit or loss) on a same class of instruments presented in assets and liabilities of an entity. Accordingly, if an increase or a decrease in an input value can respectively trigger a range of alternative FV for assets and liabilities of same class of instruments, some combinations of boundaries are incompatible when considering a net position for this class of instruments. Therefore, the ranges of alternative FV might be inappropriately interpreted.

c. as part of an entity's FS, alternative values may raise new questions from users about how they change over time. In our view, the information benefit of such a follow-up would be of limited interest and is unlikely to exceed the costs of preparing, reviewing and auditing alternative values at each reporting dates.

47. We therefore suggest the Board (i) better explain why possible range of FV measurements would provide more useful information to users than sensitivity analyses and (ii) explore possible improvements in sensitivity disclosures requirements in IFRS 13 and in IFRS 7 (paragraphs 40–41). The Board may also permit (if applicable) entities (mainly financial institutions) to leverage the information they disclose for

[8] Application of judgement requires an entity to assess, for every reporting period, which input(s) variance(s) should be considered in estimating alternative FV, thus imposing multiple input entries flexibility of simulation tools.

regulatory purpose. Some of our stakeholders say that information comparable to the Prudent Valuation[9] used for measuring regulatory capital requirements would be more relevant.

48. We support the three other specific disclosure objectives proposed by the Board which, in our view, will help entities meet the overall disclosure objective.

49. That being said, we observe that, consistent with the Board's intention to encourage entities to disclose information on FV uncertainties relating to the 'grey area', those specific disclosure objectives cover a scope of FV positions that goes well beyond the scope of FV positions to which most of the disclosure requirements in IFRS 13 currently apply. We understand, and concur with, extending the scope of the disclosures so as to provide relevant information on material areas of uncertainties associated with FV measurements—the amount of Level 2 FV items could be material and determination of the frontier between Level 2 and Level 3 measurements may require the use of significant judgement. However, we think this extension may result in increasing the preparation cost of disclosures for entities because it may require adjustments to information systems to collect the relevant information. The benefits of the proposed disclosures are likely to exceed their preparation and review costs if entities and their auditors both demonstrate constructive behaviours to (i) define a common assessment of the objectives' achievement and (ii) converge on a roadmap of necessary changes in information systems to produce missing granularity of items of information.

Question 8—Information to meet the specific disclosure objectives for assets and liabilities measured at fair value in the statement of financial position after initial recognition

Paragraphs BC74–BC97 of the Basis for Conclusions describe the Board's reasons for proposing the items of information to meet the specific disclosure objectives about assets and liabilities measured at fair value in the statement of financial position after initial recognition, and discuss information that the Board considered but decided not to include.

a. Do you agree that entities should be required to disclose the proposed items of information in paragraphs 105, 109 and 116 of the [Draft] amendments to IFRS 13? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

b. Do you agree with the proposed items of information that are not mandatory but may enable entities to meet each specific disclosure objective? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

50. We structured our answer to comment on the items of information relating to each specific disclosure objective.

- **Assets and liabilities within each level of the FV hierarchy**

51. We agree with the proposed disclosure requirement in paragraph 105 of the ED. This item (i) is consistent with the existing requirements in IFRS 13, (ii) provides useful information and (iii) is necessary to meet the specific disclosure objective.

52. We agree that an entity may consider disclosing the information specified in paragraph 106 of the ED to meet the specific disclosure. However, we have the following remarks:

    a. our stakeholders operating in the banking and insurance industries observe that they could not practically avoid providing the specified in paragraph 106 because the volume of financial instruments measured at FV in their statement of financial position is generally material. We acknowledge that the Board cannot require all entities (especially entities operating in specific industries where the use of financial instruments is less widespread) to disclose that information. However, we think that an entity may consider the type of activities it operates as a primary factor when applying its judgement as to whether disclosing the information in paragraph 106.

    b. we consider that a description of the nature, risks and other characteristics of the classes of assets and liabilities would be more useful for Level 2 and Level 3 FV than for Level 1 FV. Applying its judgement, an entity would provide information that is commensurate to the level of the FV hierarchy to which a FV belongs. However, the reference to '*each level of the FV hierarchy*' in paragraph 106(a) of the ED could be read in a manner that results in entities providing unnecessary detailed information

[9] In response to the effects of the 2008 financial crisis on the deterioration of the quality of equity capital, the Council of the European Union adopted in 2013 the CRR/CRD IV Directive including the notion of 'Prudent Valuation' (Articles 34, 105), as an extension of the Basel III agreements. This concept intends to adopt a more conservative methodology with regard to the uncertainty of valuation of fair value instruments in the calculation of Capital Adequacy. In 2015, the European Banking Authority defined guidelines which aimed at calculating an exit value for financial instruments with a 90% confidence level in order to ensure that the values used in the Basel regulatory process are in line with plausibly achievable values.

for Level 1 FV and, ultimately, in the disclosure of information that is not relevant. We recommend the wording of paragraph 106(a) be refined to focus on information about Level 2 and Level 3 FV.

c. we observe that the information in paragraph 106(a) would overlap with the information an entity is required to disclose applying IFRS 7. We also observe that any such overlap may come up in other circumstances and could raise questions as to whether an entity is required to disclose an item of information—that item being described as non-mandatory applying the proposed approach for drafting disclosure requirements whereas being specified as mandatory applying another IFRS Standards. We recommend the Board clarify that the disclosure of an item of information that is not mandatory for meeting a specific disclosure objective in an IFRS Standard does not preclude this item from being disclosed if required by another IFRS Standard.

- **Measurement uncertainties associated with FV measurements**

53. We agree with the proposed disclosure requirement in paragraph 109 of the ED. This item (i) is consistent with the existing requirements in IFRS 13, (ii) provides useful information and (iii) is necessary to meet the specific disclosure objective.

54. We agree that an entity may consider disclosing the information specified in paragraph 110 of the ED to meet the specific disclosure. However, we have the following observations:

    a. we note that the provisions in paragraph 110 are consistent with the existing requirements in paragraphs 93(d) and 93(i) of IFRS 13. The scope of the proposed provisions would nonetheless include all FV regardeless of their level in the FV hierarchy. Accordingly,

        i. the proposed provisions would also apply to Level 1 FV. Considering the nature of Level 1 FV, we think the drafting of the proposed item of information should be refined not to include Level 1 FV.

        ii. the quantitative information about the significant inputs used in FV measurements would, in particular, apply to Level 2 FV. We see the merits of extending those disclosures to Level 2 FV[10] and welcome adding the word 'important' when qualifying inputs that should be considered for quantitative or narrative information. Consistent with the Board's intention in developing the drafting guidance, we think an entity shall apply its judgement to identify the inputs to which to apply the proposed provision to avoid the disclosure of unnecessary detailed information.

    b. similar to our comment in paragraph 52.a, our stakeholders in the banking and insurance industries think that they could not practically avoid providing the specified information in paragraph 110 to meet the proposed specific disclosure objective because the volume of financial instruments measured at FV they manage is generally material.

- **Reasonably possible alternative FV measurement**

55. Please refer to comments in paragraphs 43–47.

- **Reasons for changes in FV measurements**

56. We agree with the proposed items of information in paragraph 116 of the ED. We note that additional detail—the effect of foreign exchange rate differences—has been added to the reconciliation and agree this is a useful addition.

57. We also agree that information about the significant reasons for changes in the recurring FV measurements of instruments other than those categorised in Level 3, as suggested in paragraph 117 of the ED, could be useful. However, we question the purpose of mentionning a reference to paragraph 116 which requires something different—ie the disclosure of a tabular reconciliation between opening and closing balances.

[10] This would also be consistent with suggestions of additional useful disclosures received by the Board and listed in page 13 of the Project Report and Feedback Statement on Post-implementation Review of IFRS 13 *Fair Value Measurement.*

Question 9—Specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes
Paragraphs BC98–BC99 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes. a. Do you agree that the proposed specific disclosure objective captures detailed user information needs about assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes? Why or why not? If not, what changes do you suggest? b. Do you agree that this proposed specific disclosure objective would result in the provision of useful information about assets and liabilities not measured at fair value but for which fair value is disclosed in the notes? Why or why not? c. Do you agree that the benefits of the specific disclosure objective would justify the costs of satisfying it? Why or why not? If you disagree, how should the objective be changed so that the benefits justify the costs? d. Do you have any other comments about the proposed specific disclosure objective?

58. We disagree with the proposed specific disclosure as currently drafted.

59. This is primarily because the purpose for which users need this information as specified in paragraph 119 and further developed in BC98 of the ED is unclear.

60. With regard to financial instruments, applying IFRS 9 *Financial Assets: Classification and Measurement*, financial assets that are subsequently measured at amortised cost because they (i) have a 'solely payments of principal and interest' feature and (ii) are held in a 'hold to collect' business model, are not held with the objective to be sold—sales are deemed to be rare. The measurement basis retained for those assets is supposed to provide the most useful information in understanding an entity's financial position and performance—amortised cost reflects the fact that the entity's performance will be affected by the collection of the assets' contractual cash flows. In contrast, FV measurement—that is an 'exit value'—reflects different circumstances ie when an entity's performance is affected by selling financial assets and realising their FV. We do not see here the extent to which the FV of items subsequently measured at amortised cost can help users' forecasting analyses.

61. Furthermore, IFRS Standards that require or permit the disclosure of FV in the notes to FS should set out the applicable disclosures about that measurement basis and should set out the reasons for requiring or permitting the disclosure of FV—this disclosure objective should be specified in the applicable IFRS Standards rather than in IFRS 13.

62. We finally highlight a risk of duplication of information with the requirements in IFRS 7, acknowledging though it is mitigated by the cross-reference option in paragraph 121 of the ED.

63. Should the Board decide to retain this objective, we think that the items of information in paragraph 121 of the ED should be disclosed because we do not see how the nature and other characteristics of each class of assets, that should be understood by users of FS as per the specific objective requirement, could be understood if they are not described at least minimally.

Question 10—Information to meet the specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes
Paragraph BC100 of the Basis for Conclusions describes the Board's reasons for proposing the items of information to meet the specific disclosure objective about assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes. a. Do you agree that entities should be required to disclose the proposed items of information in paragraph 120 of the [Draft] amendments to IFRS 13? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective? b. Do you agree with the proposed items of information that are not mandatory but may enable entities to meet the specific disclosure objective? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

64. Please refer to our answer to Question 9.

65. We also have similar observations than those made in paragraphs 41–42. Non-mandatory items of information described in paragraph 121 of the ED—especially the nature and characteristics of the class of assets and liabilities not measured at FV in the statement of financial position—are similar to the information required in paragraph 118(a). Here again, this could create confusion.

Question 11—Other comments on the proposed amendments to IFRS 13
Do you have any other comments on the proposed amendments to IFRS 13 in this Exposure Draft, including the analysis of the effects (paragraphs BC214–BC215 of the Basis for Conclusions) and the Illustrative Examples accompanying the Exposure Draft?

66. We do not have any other comment.

Question 12—Overall disclosure objective for defined benefit plans
Paragraphs BC107–BC109 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objective for defined benefit plans. Do you agree that this proposed objective would result in the provision of useful information that meets the overall user information needs about defined benefit plans? If not, what alternative objective do you suggest and why?

- **Overall disclosure objective**

67. We generally agree that the overall disclosure objective for defined benefit plans as set out in paragraph 147A of the ED would result in the provision of useful information.

68. The specific disclosure objective in paragraph 147G(c) requires an entity to provide information on the strategies implemented to manage the plans and the identified risks. We think this is relevant because risks and uncertainties associated with defined benefit plans have to be appreciated on a residual basis taking into account the effects of these strategies. We suggest paragraph 147A(b) clarify this point.

- **Benefits identified from the application of the Board's proposed guidance on IAS 19 disclosure**
    - ***Effects on stakeholders' behaviour***

69. Consistent with the Board's expectation in paragraph BC190 of the ED, we agree that the promotion of judgement could (i) significantly affect the behaviours of preparers, auditors and regulators and (ii) create a virtuous circle in entities' organisations to focus and select information to be disclosed.

    - ***Effects on the global layout and drafting of the proposed amendments to IAS 19***

70. We appreciate the merits of the methodology the Board retained to develop the proposed amendements. However, the overall objective, the specific objectives and the detailed items of information (i) raise questions and (ii) lead to repetitions. For example:

    a. is there any genuine difference (apart from the reporting period considered) between the information required in paragraph 147A(a)—ie an entity shall disclose information that enables users of the FS to *assess the effect* of defined benefit plans on the entity's financial position, financial performance and cash flows—and the information required in paragraph 147D whereby an entity shall disclose information enabling users to *understand the amounts, and components of those amounts* arising from defined benefit plans?

    b. what is the purpose of repeating, for example, almost the same description in paragraph 147K(a) and in the first part of paragraph 147J?

    c. are there any other items of information (or type of information) that an entity would present applying paragraph 147P to help users understand the period over which payments will continue to be made. Is this the reason for specifying the items of information in paragraph 147P as not being mandatory items whereas the specific objective in paragraph 147N requires the disclosure of mandatory information?

71. Meeting the overall objective could be achieved in different ways. However, the process for selecting the specific objectives remains unclear. In our view, specific objectives should be set in a way that they altogether provide a complete understanding of the overall information users' needs but without overlapping with each other. We observe that the Board developed the proposed objectives in a way that the nature of plans is the driver of the overall disclosure objectives—this is consistent with the Standard structure. We also observe that most of specific objectives of defined benefit plans deal with general topics

that individually cover the full extent of the plan nature in the overall objective ie defined benefit plans. However, the general topic of how the defined benefit plans are expected to affect an entity's future cash flows is split into two specific disclosures objectives[11]. We do not understand the reasons for this split and disagree with it:

a. this does not seem consistent with the structure of objectives as observed above, and

b. the two objectives overlap : in our view, (i) the amount of future payments is a disaggregated element of future cash flows and (i) defined benefit plans that are closed are a subset of defined benefit plans. Accordingly, the specific objective in paragraph 147N is a disaggregation of the specific objective in paragraph 147J.

72. We think the information produced for a specific objective has to be consistent within the same specific objective. We agree that the suggested items of information in paragraph 147P might particularly be relevant for closed plans. However, they cannot be used without other informational elements suggested in paragraph 147L. For example, how could the weighted average duration of the defined benefit obligation be useful if a quantitative information about (i) the overall amount of expected cash flows or (ii) the defined benefit obligation of plans that are closed to new members is not presented? We cannot see any reference to such disaggregation of future cash flows or defined benefit obligation for plans closed to new members in the other specific objectives which may result in (i) non-relevant information produced for the specific objective in paragraph 147N and (ii) questioning whether defined benefit plans closed to new members should be considered in providing information to meet the specific objective in pararagraph 147N. Accordingly, we suggest that only one disclosure objective be specified—ie how the defined benefit plans are expected to affect an entity's future cash flows. We also think the specific objective of expected cash flows relating to defined benefit plans could play this role and that specifications in paragraph 147C(b) already provide sufficient information for an entity to consider a disaggegation of defined benefit plans.

- ***Effects on the content of disclosure requirements***
  - Initial expectations

73. IAS 19 is an 'old' IAS Standard first issued in 1983. This Standard has been replaced and amended several times since then, but its disclosure requirements have almost been unchanged since 2011. Some could arguably say that the significant changes in the economic environment that have occured since then could justify significant changes in users' information needs.

74. This view would tally with the Board's observations in paragraph BC105 of the ED whereby'…*stakeholders that participated in the outreach told the Board that 'employee benefit disclosures applying IAS 19 often do not meet the information needs of users of financial statements*…'. Some of our stakeholders concur with this statement and accordingly, would have expected significant changes to the disclosures.

  - ANC's assessment

75. As compared to the existing disclosure requirements, we identified two new areas of focus in the proposed amendements, one relating to (i) future payments to members of defined benefit plans that are closed to new members—set as a specific disclosure objective—and the other relating to (ii) the deferred tax asset or liability arising from the defined benefit plans—set as a mandatory item of information to be disclosed to meet the specific disclosure objective in paragraph 147D of the ED[12]. Other proposed items of information seem to be carried forward, unchanged, partly changed or reworded, from the existing requirements.

76. The existence of few substantial changes to the proposed disclosures may come as a surprise. This leads us to raise the same remark as the one made in paragraph 11 of this letter. In our view, a detailed analysis of the existing requirements' usefulness and how they fit into the proposed specific disclosure objectives would have been helpful in understanding the relationship between the existing disclosure requirements and their perception among users and other stakeholders. This, in turn, would have helped clarify if the IAS 19 requirements' perceived lack of usefulness is linked to (i) their substance or (ii) the manner they are currently organised without any specific context. This would also have helped assess whether the new areas of focus are 'nice to have' or 'must have' items of information for users.

77. We are not entirely convinced by the usefulness of the information derived from those two new areas of focus. Our stakeholders think enhancements to the existing requirements could have been made along the following lines:

a. our stakeholders observe that the requirements in IAS 19 may not systematically result in entities measuring surplus or deficits of plans' assets and the present value of the related liability in a manner that exactly reflects the future cash flows that will effectively occur. This observation applies to plans

[11] Expected future cash flows relating to defined benefit plans in paragraph 147J of the ED and future payments to members of defined benefit plans that are closed to new members in paragraph 147N of the ED.
[12] Specific disclosure objective included in this paragraph refers to amounts in the primary financial statements relating to defined benefit plans.

located in some jurisdictions, in particular those in the US. We understand that complex regulatory calculations and possible compensations between plan natures (for example pensions and post-employment medical plans) for the same employee may result in amounts recognised in the entity's statement of financial position substantially not aligning with the cash flows that will ultimately occur. We agree that such information (qualitative and quantitative) could be captured in the specific disclosure objective relating to the expected future cash flows relating to defined benefits. However, we think that such material information, in itself, may warrant being captured in a dedicated disclosure objective.

b. they highlight that users are not always, *in practice*, those as defined in the Conceptual Framework. Accordingly, they think that the ongoing developments around sustainability reporting—which caters for the needs of stakeholders who are not limited to investors—could lead to consider the connectivity of the proposed disclosure objectives or items of information for employee benefits with sustainability reporting.

c. they note the Board's observation in paragraph BC105 of the ED whereby '*users often receive insufficient information about the cash flow effects of an entity's defined benefit plans*'. This directly refers to the weaknesses of the existing requirements because paragraphs 145–147 of IAS 19 already cover this topic. They observe the Board proposes to address this point with (i) two specific disclosure objectives[13], (ii) some application guidance in paragraphs A2–A7 of the [Draft] Amendments to Appendix A—Application guidance for IAS 19 and (iii) Illustrative Examples in paragraph IE3 of the [Draft] Illustrative Examples accompanying IAS 19. We disagree with splitting the information into two disclosure objectives (see paragraphs 71–72 and paragraphs 91–93). We also think that the non-mandatory items of information—even if redrafted—in paragraphs 147L and 147P are very similar to the existing requirements in paragraphs 139(a)(ii) and 147 of IAS 19. Thus, we doubt that the two new proposed objectives would improve information about the cash flow effects of an entity's defined benefit plans. Finally, we think that the application guidance and the illustrative examples could be useful. However we do not identify any link between such improvements and the proposed guidance.

- ***Conclusions***

78. In the light of the considerations above, we expect no significant changes in the information entities would disclose applying the proposed requirements. This leads us to question whether the proposed requirements would ultimately deliver significant benefits and thus, whether such benefits would exceed the related implementation costs.

Question 13—Specific disclosure objectives for defined benefit plans
Paragraphs BC110–BC145 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objectives about defined benefit plans, and discuss approaches that the Board considered but rejected. a. Do you agree that the proposed specific disclosure objectives capture detailed user information needs about defined benefit plans? Why or why not? If not, what changes do you suggest? b. Do you agree that the proposed specific disclosure objectives would result in the provision of relevant information and the elimination of irrelevant information about defined benefit plans in financial statements? Why or why not? c. Do you agree that the benefits of the specific disclosure objectives would justify the costs of satisfying them? Why or why not? If you disagree, how should the objectives be changed so that the benefits justify the costs? Please indicate the specific disclosure objective(s) to which your comments relate. d. Do you have any other comments on the proposed specific disclosure objectives? Please indicate the specific disclosure objective(s) to which your comments relate.

79. We replied to Questions 13–14 together. The comments below provide <u>additional</u> remarks to those made in Question 12. Furthermore, as stated in above paragraphs 27–30, we (i) disagree with the introduction of 'while non-mandatory' items of information and (ii) support the current wording for specifying disclosure requirements. Our proposals in below paragraphs 83, 86–87, relating to a change in the level of prescription for some items of information, would only apply if the Board were to retain a less prescriptive language for the proposed approach.

80. We support five out of the six proposed specific disclosure objectives. We consider them as helpful to fulfil the overall disclosure objective. We also have the observations below.

[13] Expected future cash flows relating to defined benefit plans in paragraph 147J and future payments to members of defined benefit plans that are closed to new members in paragraph 147N.

- **Amounts in the primary financial statements relating to defined benefit plans**

81. We agree that paragraph 147E provides useful insight into users' needs and thus, is helpful to assess which information would meet the specific disclosure objective.

82. We agree with the mandatory items of information in paragraph 147F except for the item in paragraph 147F(d) relating to the deferred tax asset or liability arising from the defined benefit plans. We could not identify in the Basis for Conclusions the reasons for requiring entities to disclose this item and do not see any obvious merits for any such disclosure. We agree that, in some circumstances, defined benefit plans could affect significantly an entity's deferred tax assets and liabilities. In such circumstances, the entity would apply its judgement to disclose this item of information. Should the Board decide to retain this requirement, we suggest the Board clarify whether the amount of deferred tax asset or liability arising from defined benefit plans shall be presented on a gross basis or if it shall take into account possible offsetting with other deferred tax assets and liabilities arising from other operations in accordance with paragraph 74 of IAS 12 *Income Taxes*.

- **Nature of, and risks associated with, defined benefit plans**

83. We think that an entity should be required to disclose the items of information in paragraphs 147I(a) and 147I(g) because we do not understand how an entity could meet the disclosure objective without disclosing those items.

- **Expected future cash flows relating to defined benefit plans**

84. We think that paragraph 147K(b) should rather refer to an entity's overall liquidity situation than specifically referring to dividend payments. If in a particular jurisdiction, the rank of subordination of a defined benefit obligation gives priority to the payment of amounts related to a specific defined benefit plan, that would result in the entity being unable to pay other amounts, including dividend payments––we consider an entity shall disclose this fact to meet the specific objective linked to the nature of, and risks associated with, defined benefit plans.

85. We also think that an entity should be required to disclose the items of information in paragraphs 147L(a) and 147L(c) because we view them as unavoidable to meet the specific disclosure objective. In contrast, we agree that an entity should not be required to disclose the items of information in paragraphs 147L(b) and 147L(d) because that information could be difficult to prepare and incorporate significant uncertainties.

- **Measurement uncertainties associated with the defined benefit obligation**

86. We consider that the assumptions described in paragraph 147S(a) often have significant effects on the amount of the defined benefit obligation. An entity should then be required to disclose the information specified in this paragraph. In our view, a minimal set of actuarial assumptions (for example discount rate, inflation rate, mortality) should be defined. Requiring such set of information would help (i) users assess how the present value of the defined benefit obligation has been estimated and therefore if the associated funding is appropriate and (ii) reduce disclosure diversity on that matter.

87. Consistent with the feedback described in paragraphs BC150–BC153 of the ED, we agree that sensivity information could be costly to prepare and may not always provide useful information. Thus, we agree that sensitivity analysis should not be specified as a requirement to meet the disclosure in paragraph 147Q. However, we think that sensitivity information about the discount rate used to determine long-term obligations could provide useful information and that such information could be part of the items of information in paragraph 147S.

88. As explained in paragraph 77.a above, we think the requirements in IAS 19 do not systematically result in entities measuring assets and liabilities related to some plans in a manner that exactly reflects the future cash flows that will effectively occur. This is the case when the cash flows are computed on the basis of regulatory rules. Those rules may result in uncertainties on the payments to be made. For example, the cash flows could be smoothed over an average rate of return on assets of a defined number of years. We think that the uncertainties linked to the latter calculations should be disclosed.

- **Reasons for changes in the amounts recognised in the statement of financial position for defined benefit plan**

89. We think this specific disclosure objective will result in entities disclosing useful information.

90. We agree that an entity should be required to disclose a tabular reconciliation from opening balances to closing balances of the significant reasons for changes in the net defined benefit liability. However, in our view, users would also benefit from a meaningful disaggregation of the main changes. Some narrative explanation on the main reasons for changes could also provide more useful information when the disaggregation is not self-explanatory. Consequently, we suggest that paragraph 147U also include a

disaggregation and a description of the main changes as possible items of information meeting the specific disclosure objective in paragraph 147T.

- **Future payments to members of defined benefit plans that are closed to new members**

91. In constrast, we disagree with the specific objective disclosure linked to future payments to members of defined benefit plans that are closed to new members (paragraph 147N).

92. We question the relevance of introducing a distinction with regard to specific disclosures objectives between (i) expected future cash flows relating to defined benefit plans (paragraph 147J) and (ii) future payments to members of defined benefit plans that are closed to new members. This distinction raises questions on the Board's rationale for shedding light on closed benefit plans. In our view, providing information for such plans may result in implementation costs for which we see little, if any, benefits.

93. We agree that users may benefit from useful information when an entity decides to close costly defined benefit plans to new members—this often arises and entities generally provide information in this respect. However, the important pieces of information revolve around the closure of the plan ie this 'one-off' event and the related expected savings an entity will generate afterwards. We do not see the merits of providing the information described in paragraph 147N. Finally, should a specific focus on plans closed to new members be needed, we think that information on potential overfunding or asset ceiling effects would be useful.

Question 14—Information to meet the specific disclosure objectives for defined benefit plans
Paragraphs BC110–BC145 of the Basis for Conclusions describe the Board's reasons for proposing the items of information to meet the specific disclosure objectives about defined benefit plans, and discuss information that the Board considered but decided not to include. a. Do you agree that entities should be required to disclose the proposed items of information in paragraphs 147F, 147M and 147V of the [Draft] amendments to IAS 19? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objectives? b. Do you agree with the proposed items of information that are not mandatory but may enable entities to meet each specific disclosure objective? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

94. Please refer to our answer to Question 13.

Question 15—Overall disclosure objective for defined contribution plans
Paragraphs BC156–BC158 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objective for defined contribution plans. Do you agree that this proposed objective would result in the provision of useful information that meets the overall user information needs about defined contribution plans? If not, what alternative objective do you suggest and why?

95. Please refer to our answer to Question 17.

Question 16—Disclosures for multi-employer plans and defined benefit plans that share risks between entities under common control
Paragraphs BC159–BC166 of the Basis for Conclusions describe the Board's reasons for proposing which disclosure objectives should apply for multi-employer plans and defined benefit plans that share risks between entities under common control. Do you agree that these proposals would result in the provision of useful information that meets the overall user information needs about these plans? If not, what alternative approach do you suggest and why?

96. We agree with the Board's proposals for the reasons set out in paragraphs BC159–BC166 of the ED.

97. We also agree with the proposed items of information specified in paragraphs 148B, 148D, 149B and 149D of the ED.

98. However, we think that the overall objective of defined contribution plans set out in paragraph 54A of the ED is too generic (see paragraph 102 below).

Question 17—Disclosures for other types of employee benefit plans
Paragraphs BC167–BC170 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objectives for other types of employee benefit plans. Do you agree that these proposals would result in the provision of useful information that meets the overall user information needs about these plans? If not, what alternative approach do you suggest and why?

99. Reading paragraph BC167 of the ED, we understand that the Board developed the overall disclosure objectives in paragraphs 25A, 158A and 171A which apply to other employee benefits as a response to users' feedback indicating that:
    a. these types of employee benefits are easy to understand and unlikely to affect their analyses, and
    b. when these benefits are material, users want to understand the effect they have on the primary FS.
100. Reading paragraph BC156 of the ED, we understand that users would like to understand how an entity's defined contribution plans have affected the primary FS.
101. On the basis of those observations, we do not understand why the Board specified individual overall disclosure objectives for defined contributions plans, short-term employee benefits, other long-term employee benefits and termination benefits considering that similar observations may have underpinned the existing disclosure approach in IAS 19 which resulted in limited disclosure requirements (this the case for defined contribution plans) or no disclosure requirement (this is the case for other types of employee benefit plans) obligation.
102. Furthermore, IAS 1 already specifies that (i) '*the notes shall provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them'*[14], (ii) '*an entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole*'[15] and (iii) '*an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material*'[16]. We do not oppose the principle of requiring entities to disclose information that enables users to understand the nature and the effects of employee benefits on an entity's financial position, financial performance and cash flows. However, we do not see the added value of the overall disclosure objectives in paragraphs 25A, 54A, 158A and 171A which merely repeat the requirements in IAS 1—we think such objectives as currently drafted may be inconsistent with the Board's intention in paragraph DG5 of the ED[17].
103. We suggest introducing an overall objective embracing defined contributions plans, short-term employee benefits, other long-term employee benefits and termination benefits. Some specific objectives would be developed, if need be, to further specify users' information needs for some specific plan types. We consider that such an overall objective could also be an opportunity to provide further quantitative and qualitative information about employee expenses. For example, our stakeholders say that the costs of contribution plans could be significantly higher than those of defined benefit plans—this could be highlighted in a tabular reconciliation of employee benefits expenses by nature and by plan type.
104. Our stakeholders also highlighted that the requirements IAS 24 *Related Parties Disclosures* specify disclosure about employee benefits for key management personnel. This information is useful. Therefore, we suggest that a reference to IAS 24 be incorporated in the helpful context or other broad considerations[18] accompanying the above proposed overall objective covering employee benefits.

Question 18—Other comments on the proposed amendments to IAS 19
Do you have any other comments on the proposed amendments to IAS 19 in this Exposure Draft, including the analysis of the effects (paragraph BC216 of the Basis for Conclusions) and the Illustrative Examples accompanying the Exposure Draft?

105. We do not have any other comment.

[14] Paragraph 112(c) of IAS 1
[15] Excerpt from the paragraph 7 of IAS 1
[16] Paragraph 31 of IAS 1
[17] Paragraph DG5 of the ED states that '*the Board will use overall disclosure objectives within individual IFRS Standards to provide a narrower, more Standard-specific focus than the objectives of general purpose financial reporting and financial statements in the Conceptual Framework for Financial Reporting and IAS 1* Presentation of Financial Statements.'
[18] Paragraph DG7 of the ED specifies that '*Overall disclosure objectives will also provide helpful context, and incorporate other broad considerations, that entities are required to consider when applying the specific disclosure objectives in an IFRS Standard*.'