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Prof. Dr. Andreas Barckow
IASB Chairman
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United Kingdom

10. January 2022

Re: IASB Exposure Draft ED/2021/3 "Disclosure Requirements in IFRS Standards — A Pilot Approach / Proposed amendments to IFRS 13 and IAS 19"

Dear Prof. Dr. Barckow,

Commerzbank Aktiengesellschaft appreciates the opportunity to comment on the IASB's (or Board's) Exposure Draft ED/2021/3 "Disclosure Requirements in IFRS Standards — A Pilot Approach / Proposed amendments to IFRS 13 and IAS 19" (the ED) that was published in March 2021. We understand that this ED is a result of the Discussion Paper "Disclosure Initiative — Principles of Disclosure" (the DP) that the IASB has published in 2017 under the overall Disclosure Initiative undertaken by the IASB in 2013 to address the so-called "disclosure problem" by exploring ways to improve presentation and disclosure in financial statements. As we have stated in our comment letter to that DP, Commerzbank reiterates its continued support for the aims of the IASB's overall Disclosure Initiative.

In our 2017 comment letter to the DP, we have expressed our concern with the proposed Guidance in that DP to install a 'centralised disclosure objectives framework' that comprise only of high-level principles or objectives in IFRS Standards, in order to significantly change the behaviour of entities from a "checklist mentality" towards applying more judgement when providing information in the notes. Therefore, we are pleased to learn in the ED that the IASB is now proposing a Guidance that moves it away from this extreme end of the spectrum. However, we do not support the proposed Guidance as it still has not achieved the appropriate balance between high-level principles and more prescriptive guidance when developing the disclosure requirements in the notes.

Keeping this in mind, we would like to highlight below some important messages for the Board to consider:

- Commerzbank supports the Board's proposal in paragraphs BC31 – BC43 of the Basis for Conclusions to engage with users of financial statements and other stakeholders early in the standard-setting process, to work more closely with them to understand what information users want in the financial statements and to better articulate how users intend to use that information.
- Commerzbank also agrees that the Board should develop disclosure objectives in IFRS Standards that clearly articulate the information needs of users of financial statements as this would assist preparers of financial statements when providing the disclosure requirements in the financial statements. We note that some IFRS Standards today already contain disclosure objectives.
- However, Commerzbank is concerned with the proposed roles that the disclosure objectives will play in the proposed Guidance vis-à-vis the disclosure requirements that are in today's IFRS Standards. This is because we believe that the proposed Guidance fails to achieve the appropriate balance between high-level objectives and more prescriptive requirements, which we urge the Board to aim for, when developing the disclosure requirements in the notes.
- In today's IFRS disclosure approach, the Board specifies a list of disclosure requirements that preparers of financial statements are required to disclose in the notes, subject to the concept of materiality. To provide some context for the application of this specified list of disclosure requirements, the IASB has in recent years added disclosure objectives in some IFRS Standards. In contrast, the proposed Guidance will fundamentally change the roles of the disclosure objectives vis-à-vis the list of disclosure requirements, i.e. the disclosure objectives will in future become a requirement that preparers would have to satisfy while the list of disclosure requirements (referred to as 'items of information' in the proposed Guidance) will be mostly non-mandatory examples to provide context for preparers; to assist them in assessing and determining whether the information they have provided in the notes meet the required stated disclosure objectives. We believe that this fundamental shift in focus in the proposed disclosure approach, i.e. placing the compliance requirement on disclosure objectives and not on the items of information, would be:
    - challenging and burdensome for preparers to apply;
    - difficult for auditors and regulators to review and enforce, and
    - impair considerably the existing high-level of comparability between entities and would be a dis-service to users of financial statements.

This is because preparers, auditors and regulators would have to exercise significant judgement in order for the proposed disclosure approach to work as intended by the Board.

- Because of our aforementioned concerns, it is therefore our belief that the Board should not fundamentally change the current approach to develop and draft disclosure requirements. In this regard, we concur with the view of the three Board members – Mr. Martin Edelmann, Mr. Zachary Gast and Ms. Suzanne Lloyd – in paragraph AV3 of the Basis for Conclusions that preparers of financial statements can and already do indeed provide effective disclosures in their financial statements today, and that the primary source of the disclosure problem lies in the application of the materiality concept rather than the perceived prescriptive nature of current disclosure requirements. We also note that paragraph 31 of IAS 1 already requires an entity to “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”, which in essence embodies the goal that the Board is trying to achieve with the proposed Guidance.
- Hence, we believe that the Board should instead look to address the above-mentioned application shortfalls, rather than changing fundamentally the disclosure approach by shifting the onus on preparers from disclosing specific disclosure requirements to satisfying objectives linked to meeting the information needs of users of financial statements. At the same time, the Board should use the feedback from engaging with users of financial statements and other stakeholders early in the standard-setting process as recommended in the proposed Guidance (and which we support) to give better context to the disclosure objectives and to improve on the development and drafting of the specific disclosure requirements. This would assist preparers in better understanding the information that users want and how users intend to use the information in the specific disclosure requirements that the Board has developed, which we note would address the questions that preparers often have today on the usefulness of the information contain in a particular disclosure requirement.
- Alternatively, should the Board decide to proceed with the proposed Guidance, we urge the Board to at least provide a list of minimum disclosure requirements to lessen the concerns that we have outlined above.
- Last but not least, we recommend that the Board do not amend the disclosure sections of existing IFRS Standards, like IFRS 13 and IAS 19. We do not see the benefits of doing this as no major weaknesses have been identified. Besides, the informative value of the disclosures given in these standards are generally considered adequate.

The Appendix to this comment letter provides our response to the questions raised by the IASB in the ED. Should you have any questions regarding our comments, please do not hesitate to contact Dr. Patrick Kehm (Patrick.Kehm@commerzbank.com; +49 69 136 27932).

Yours sincerely,

COMMERZBANK
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Appendix

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?

Yes, we agree that the Board should use overall disclosure objectives within IFRS Standards as adding them to IFRS Standards would improve disclosure requirements. For this to work, the Board would have to develop disclosure objectives that clearly articulate the information needs of users of financial statements. Developing objectives that are generic, in our view, would not address the disclosure problem.

However, in contrast to the proposed Guidance, we believe that the primary role of disclosure objectives are to provide context for the more specific disclosure requirements that the Board develops after having consulted with users of financial statements on their information needs. As such, we do not support the proposed Guidance as it introduces a fundamental change from the existing disclosure approach by requiring entities to satisfy a disclosure objective rather than the disclosure requirements specified by the Board. We elaborate further on this in our answers to Question 2.

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?

As we have said in our answer to Question 1, we do not support the proposed Guidance as it does not achieve the appropriate balance between high-level principles and more prescriptive guidance when developing the disclosure requirements in the notes.

Our concerns with the disclosure approach in the proposed Guidance are as follows:

1. **Operationally challenging and burdensome for preparers of financial statements to apply**

   In today's IFRS disclosure approach, the IASB specifies a list of particular items that preparers of financial statements are required to disclose in the notes, subject to the concept of materiality. To provide some context for the application of the specified list of particular items, the IASB has recently provided disclosure objectives as well in some IFRS Standards. On the other hand, the proposed Guidance will change the role of the disclosure objectives fundamentally in that they will in the future become a requirement for preparers to satisfy. Additionally, the disclosure requirements in today IFRS Standards (known as items of information in the ED) will also undergo a change, where they will comprise mostly of non-mandatory examples as their new purpose is to provide context for preparers; to assist them in assessing and determining whether the information that they have provided in the notes satisfy the disclosure objectives. We believe this fundamental change in focus in the proposed disclosure approach, i.e. placing the compliance requirement on disclosure objectives and not on the items of information, would be challenging and burdensome for preparers to apply:

- The proposed approach would require preparers to justify that the information they have given in the notes satisfy the required disclosure objectives. As a result, preparers would have to spend more time and resources to explain and justify how they have satisfied the information needs of users of financial statements.
- An entity faces a variety of users of financial statements, where their information needs are not the same and can vary over time, and it would be onerous for the entity to determine the 'common information needs' of a variety of users. Consequentially, the entity could be driven to second guess that 'common information needs'; resulting in the financial statements containing more irrelevant information and not enough relevant information instead. This, we note, does not achieve the purpose for which the proposed disclosure approach was intended.
- We do not completely agree to the Board's assessment of the likely costs of the proposals in BC201 – BC205 of the Basis for Conclusions. Although we agree that entities are likely to incur the most significant costs in the first year, we however do not think that "the costs of application would fall in subsequent years" as expected by the Board in BC204 when "the behavioural changes brought about by the proposals become more familiar to entities". On the contrary, we expect the emphasis in applying judgement based on the needs of users of financial statements would continue to demand increased involvement by senior management and auditors. This is because the 'common information needs' of a variety of users are dynamic in nature over time and would have to assessed on an on-going basis in order to satisfy the required disclosure objectives. This would also pose an operational challenge for financial reporting systems and processes on how capture the changing information needs of users over time, e.g. whether to discontinue capturing information that are no longer required today but could be subsequently needed in the future, how long to keep the ceased information in case it is required again in the future etc. All this, in our view, would inadvertently lead to increased cost for preparers.

2. Operationally challenging and burdensome for auditors and regulators to apply

In today's IFRS disclosure approach, the tasks of auditors and regulators are relatively straightforward in that they assess and monitor whether an entity disclosed the required list of items in a particular Standard that are material for the entity's financial statements. However, their tasks would become more challenging and difficult to execute under the proposed disclosure approach, thereby undermining their review and enforcement duties. This is because the shift in focus in the proposed disclosure approach to fulfil the disclosure objectives in a particular IFRS Standard would:

- similar to the challenge that entities face, require auditors and regulators to use their judgements to determine the information needs of users of financial statements for a particular entity; and then
- based on that determination, assess whether that entity has met the disclosure objectives specified in that Standard.

Similarly, auditors and regulators could be exposed to second guessing the ‘common information needs’ of a variety of users of financial statements facing a particular entity, thereby making review and enforcement more difficult for auditors and regulators. As a result, we believe that the improvements the proposed disclosure approach seeks to obtain might not materialise and could instead unintentionally lead to less relevant information being disclosed in the financial statements.

3. Comparability between entities would be compromised

In today’s disclosure approach in IFRS Standards, comparability is achieved between entities since they would have to provide the required items of information that the Board has specified in each IFRS Standard when they are material. In contrast, comparability between entities would be impaired under the proposed disclosure approach because:

- the resulting disclosure requirements are less prescriptive and are mostly non-mandatorily, which can be seen from the disclosures that the Board has proposed to amend IFRS13 and IAS 19, and
- entities are required to use significant judgements when fulfilling the required disclosure objectives, which could lead to different types of information being provided.

This, in our view, not only impair comparability between entities but also the level of relevance and reliability of information in the financial statements.

Because of our aforementioned concerns, it is therefore our belief that the Board should not fundamentally change the current approach to develop and draft disclosure requirements. In this regard, we concur with the view of the three Board members – Mr. Martin Edelmann, Mr. Zachary Gast and Ms. Suzanne Lloyd – in paragraph AV3 of the ED that preparers of financial statements can and already do indeed provide effective disclosures in their financial statements today, and that the primary source of the disclosure problem lies in the application of materiality rather than the perceived prescriptive nature of current disclosure requirements. We also note that paragraph 31 of IAS 1 already requires an entity to “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”, which in essence embodies the goal that the Board is trying to achieve with the proposed Guidance.

Hence, we believe that the Board should instead look to address these application shortfalls, rather than changing fundamentally the disclosure approach by shifting the onus on preparers from disclosing specific disclosure requirements to satisfying objectives linked to meeting the information needs of users of financial statements. At the same time, the Board should use the feedback from engaging with users of financial statements and other stakeholders early in the standard-setting process as proposed in the Guidance (and which we support) to give better context to the disclosure objectives and to improve the development and drafting of the specific disclosure requirements so that preparers can better understand the information that users want, including how users intend to use the information in the specific disclosure requirements that the Board has developed. This, we note, will greatly address the conflict preparers often have today in questioning the usefulness of the information contains in a particular disclosure requirement. Alternatively, should the Board decide to proceed with the proposed Guidance, we urge the Board to at least provide a list of minimum disclosure requirements to alleviate the concerns that we have outlined above.

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.

We do not agree with this approach. For further details, please see our answer to Question 2.

Additionally, in regard to Question 3(b) & (c), we believe it would be difficult to determine with absolute certainty that the proposed Guidance would be effective in discouraging the use of disclosure requirements in IFRS Standards like a checklist. This is because human behaviour are unpredictable and difficult to change. It could well be that the operational challenge imposed by the requirement to apply more judgement to determine the information to disclose and the difficulty of enforcement may inadvertently lead to the non-mandatory items of information being used as a checklist, causing financial statements to contain too much irrelevant information and not enough relevant information. This, we note, would not address the disclosure problem and could instead worsen it.

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?

We agree that the proposed language is worded in a way that makes it clear that entities need to apply judgement. However, as we have articulated in our answers to the preceding questions, we do not agree to the proposed approach to change the onus on preparers from disclosing specific requirements that the Board has developed to satisfying objectives that are linked to meeting the information needs of users of financial statements.

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).

We support the proposed methodology (early outreach with users of financial statements and other stakeholders to understand what information users want in financial statements, performing a cost-benefit analysis and documenting the effects of the proposals) in paragraphs BC27 – BC56 of the Basis for Conclusions to assist the Board in developing disclosure requirements in IFRS Standards. We note that the proposed methodology can equally be used in any disclosure approach, besides the disclosure approach in the proposed Guidance.

On the expected effects of any disclosure requirements developed using the proposed Guidance, we do not completely agree to the Board's assessment of the likely costs of the proposals in BC201 – BC205 of the Basis for Conclusions. Please refer to our answer to Question 2 for further details on this.

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?

As we have stated in our answer to Question 1, we agree to the Board adding overall disclosure objectives within IFRS Standards as this would improve disclosure requirements. The Board has recently added disclosure objectives in some IFRS Standards, and IFRS 13 is one of them. In our view, the role of disclosure objectives should be to provide context to the specified disclosure requirements (and not as a requirement in themselves as proposed in the ED) so that preparers can understand the information needs of primary users of financial statements in relation to fair value measurement. Therefore, we are not supportive of the proposals in the ED on IFRS 13 to increase the level of judgement by requiring preparers to satisfy objectives-based disclosure requirements.

Moreover, in the report on the Post-Implementation Review of IFRS 13 published in December 2018, the Board has concluded that "IFRS 13 is working as intended", and that "the information required by IFRS 13 is useful to users of financial statements". With many of the current disclosure requirements in IFRS 13 becoming non-mandatory under the proposed amendments to IFRS 13, this would pose a potential risk to undermine the good performance achieved by IFRS 13, resulting in:

- loss of information depending on the judgement exercised by the entity in defining how to meet the disclosure objectives; and
- making it more difficult for users to compare between preparers.

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.

We generally agree to how the Board has proposed to characterise the specific disclosure objectives about assets and liabilities measured at fair value in the statement of financial position after initial recognition in accordance to the 3 groups, i.e. the amounts of assets and liabilities within each level of the fair value hierarchy, the measurement uncertainties and reasons for changes in fair value measurements. Nevertheless, we would like reiterate our views on the Board's proposal to add objectives within IFRS Standards in our answers to Questions 1, 2, 3 and 6.

On the ED's proposal to require specific disclosures about reasonably possible alternative fair value measurement for recurring fair value measurement, we do not support it for the following reasons:

- Disclosing alternative fair value measurements might undermine the legitimacy of fair value measurements that an entity has recognised in its statement of financial position, and would lead to confusion and understandability issues amongst users.
- We believe that the cost to produce such information would be significant and as such question the trade-off between the costs and benefits of this proposal:

- Costs would have to be incurred to develop system and process to produce the information for the proposed alternative fair value measurements.
- Unlike the current requirement in IFRS 13 to disclose sensitivity information for Level 3 measurements only, the proposed alternative fair value measurements would go beyond Level 3 financial instruments to potentially include Level 2 financial instruments. In contrast to other industries, banks have many financial instruments, such as derivatives, in Level 2 and expanding the scope of disclosures regarding alternative fair value measurements would, in our view, pose significant operational and implementation challenges.

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?

As we have mentioned in our answer to Question 2, we do not support the proposed Guidance as it will fundamentally change the roles of the disclosure objectives vis-à-vis the list of disclosure requirements by making the former a requirement that preparers have to satisfy and the latter comprising mostly of non-mandatory examples.

Compared to current IFRS 13 disclosure requirements, we noted that the ED would result in several items of information no longer limited to Level 3 financial instruments, namely:

- Paragraph 117(a) of the draft amendments to IFRS 13 requiring an explanation of the significant reasons for the changes in fair value measurements not categorised in Level 3.
- Paragraph 110(c) of the draft amendments to IFRS 13 regarding quantitative or narrative information about the significant inputs used in the fair value measurements.

As these disclosures are no longer limited to Level 3 instruments, they will largely increase the scope of disclosures compared to today. Especially for banks that have many Level 2 financial instruments it will be very burdensome to produce this large number of disclosures. Furthermore, we doubt that users of financial instruments would find these disclosures useful. This is because the information produced would be meaningless as preparers would have to aggregate at a higher level due to the large number of affected instruments. Therefore we recommend to restrict these disclosures to only Level 3 financial instruments

In addition to the above, we view the most significant change to come from the required disclosure on alternative fair value measurements proposed in paragraph 111 of the draft amendments to IFRS 13 that replaces the sensitivity analysis in current IFRS 13. As we have stated in our answer to Question 7, we do not support the proposal in the ED to require specific disclosures about reasonably possible alternative fair value measurement for recurring fair value measurements.

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?

We generally agree to the specific disclosure objectives. Nevertheless, we would like reiterate our views on the Board's proposal to add objectives within IFRS Standards in our answers to Questions 1, 2, 3 and 6.

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?

As we have mentioned in our answer to Question 2, we do not support the proposed Guidance as it will fundamentally change the roles of the disclosure objectives vis-à-vis the list of disclosure requirements.

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?

The proposed Guidance is a radical change to the current approach in developing the disclosure requirements in IFRS Standards and could lead to un-intended results compared to the Board's expectations described in paragraphs BC214 – BC215 of the Basis of Conclusions. Please refer to our answers to Question 3(b) & (c) on the proposed Guidance for further details on this.

Moreover, the Board's analysis in paragraphs BC214 – BC215 did not take into account the increase in significant burden and cost that preparers would have to bear when implementing the proposed amendments to IFRS 13 as explained in our answer to Q7.

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?

As we have stated in our answer to Question 1, we agree to the Board adding overall disclosure objectives within IFRS Standards as this would improve disclosure requirements. The Board has recently added disclosure objectives in some IFRS Standards, and IAS 19 is one of them. In our view, the role of disclosure objectives should be to provide context to the specified disclosure requirements (and not as a requirement in themselves as proposed in the ED) so that preparers can understand the information needs of primary users of financial statements in relation to fair value measurement. Therefore, we are not supportive of the proposals in the ED on IAS 19 to increase the level of judgement by requiring preparers to satisfy objectives-based disclosure requirements.

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.

We generally agree to how the Board has proposed to characterise the specific disclosure objectives. Nevertheless, we would like reiterate our views on the Board's proposal to add objectives within IFRS Standards in our answers to Questions 1, 2, 3 and 6.

Having said the above, we nevertheless have concern regarding the specific objective on "future payments to members of defined benefit plans that are closed to new members". The reason for our disagreement is that we believe the information value for plans that are closed to new members and plans that are open to news is similar.

Due to the above reason, we therefore recommend to the Board to either delete the specific disclosure objective in paragraphs 147N-147O for defined benefit plans that are closed to new members, or to incorporate them into paragraphs 147J-147K that relates to the specific disclosure objective for "expected future cash flows relating to defined benefit plans".

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? (c) 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?

As we have mentioned in our answer to Question 2, we do not support the proposed Guidance as it will fundamentally change the roles of the disclosure objectives vis-à-vis the list of disclosure requirements by making the former a requirement that preparers have to satisfy and the latter comprising mostly of non-mandatory examples.

On the ED's proposal in paragraph 147S(d) to give information on "alternative actuarial assumptions reasonably possible at the end of the reporting period that could have significantly changed the defined benefit obligation", our understanding is that this includes providing disclosures on alternative defined benefit obligations. We do not support this for the following reasons:

- Disclosing such alternative information might undermine the legitimacy of amounts that an entity has recognised in its statement of financial position, and would lead to confusion and understandability issues amongst users.
- We believe that the cost to produce such information would be significant.

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?

No comments except for our views regarding the roles of disclosure objectives vis-à-vis the specific disclosure requirements.

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?

No comments except for our views regarding the roles of disclosure objectives vis-à-vis the specific disclosure requirements

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?

No comments except for our views regarding the roles of disclosure objectives vis-à-vis the specific disclosure requirements

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?

The proposed Guidance is a radical change to the current approach in developing the disclosure requirements in IFRS Standards and could lead to un-intended results compared to the Board's expectations described in paragraph BC216 of the Basis of Conclusions. Please refer to our answers to Question 3(b) & (c) on the proposed Guidance for further details on this.