

Updating IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Proposals and EFRAG FR TEG feedback on the upcoming ED

EFRAG FRB meeting 17 July 2024



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OBJECTIVE OF THE SESSION

- The objectives of this session are to:
 - Provide members with an overview of the project and the EFRAG Secretariat's preparatory work in anticipation of the IASB ED;
 - Present a preliminary overview of the key general messages on the ED (as discussed with EFRAG FR TEG); and
 - Seek EFRAG FRB members' views on the approval process for the DCL on the ED.

The ED is expected to be published in July 2024

So far, the EC did not send an endorsement advice request for IFRS 19. It is earliest to be expected in September.

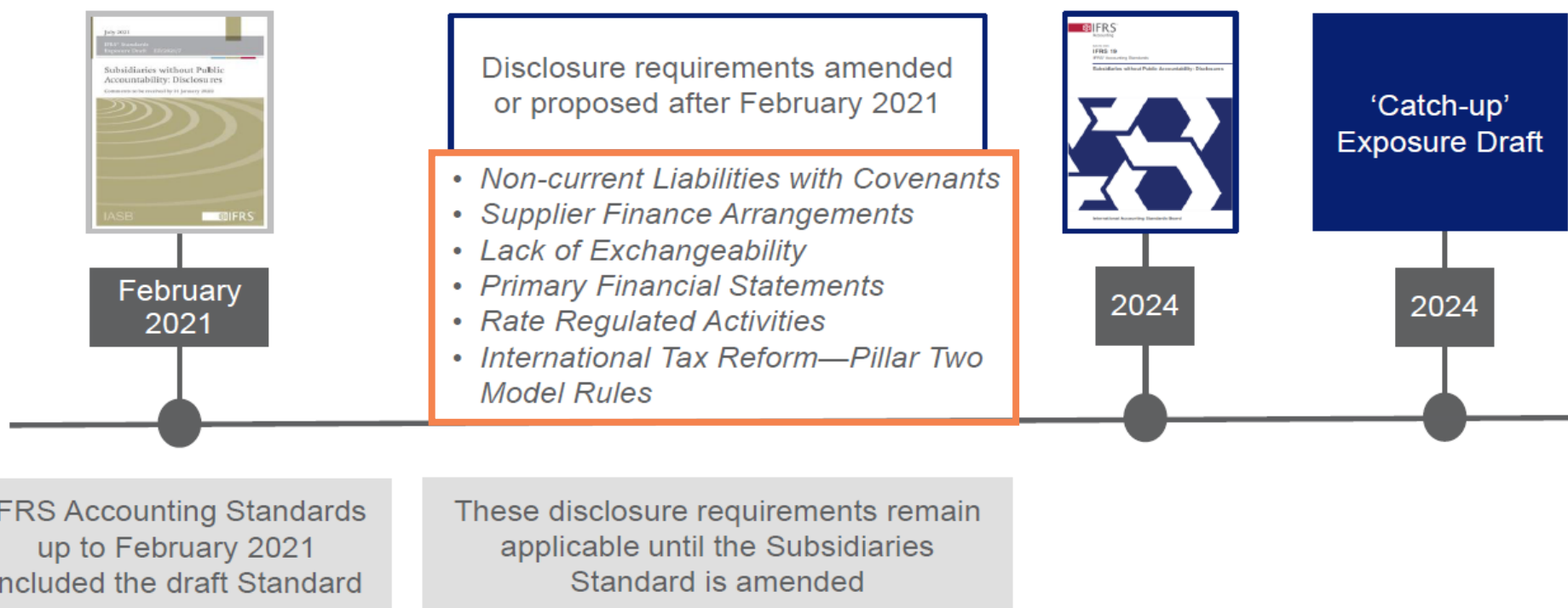
OVERVIEW

- ‘Catch-up’ ED - Updating IFRS 19
- Proposals
- EFRAG FR TEG feedback
- Expected timeline
- Questions to EFRAG FRB

'CATCH-UP ED' – UPDATING IFRS 19

Projects that were consulted on in parallel to SwPA: A limited number of disclosure requirements will be updated via the **Updating the Subsidiaries without Public Accountability: Disclosures Standard ('Catch-up' ED):**

'Catch-up' Exposure Draft



Source: *IFRS 19 support materials*

PROPOSALS – 1/2

Reduction disclosures for:

- **IFRS 18 - nearly no reduction of newly introduced IFRS 18 requirements**
 - disclosure requirements carried forward from IAS 1 to IFRS 18 were not reconsidered for reduction in the Catch-up ED
 - disclosure requirements for Management-defined Performance Measures applicable for entities that use them
 - disclosure of expenses by nature when classified by function not reduced → recommended by EFRAG in its Comment Letter to the PFS ED, due to being seen as fundamental for users
- **Rate-regulated Activities – no reduction**
 - the IASB decided to follow the approach adopted for IFRS 17: to include full disclosure requirements for RRA in IFRS 19 as these are seen as integral part of the newly introduced accounting model
 - no proposals for reducing requirements via the ‘Catch-up’ ED
 - a specific question will be included in the ED on whether to reduce disclosure requirements in the upcoming RRA standard. This will be accompanied by an overview of the disclosures to be introduced by it, and the possible expected reductions in them, in IFRS 19

PROPOSALS – 2/2

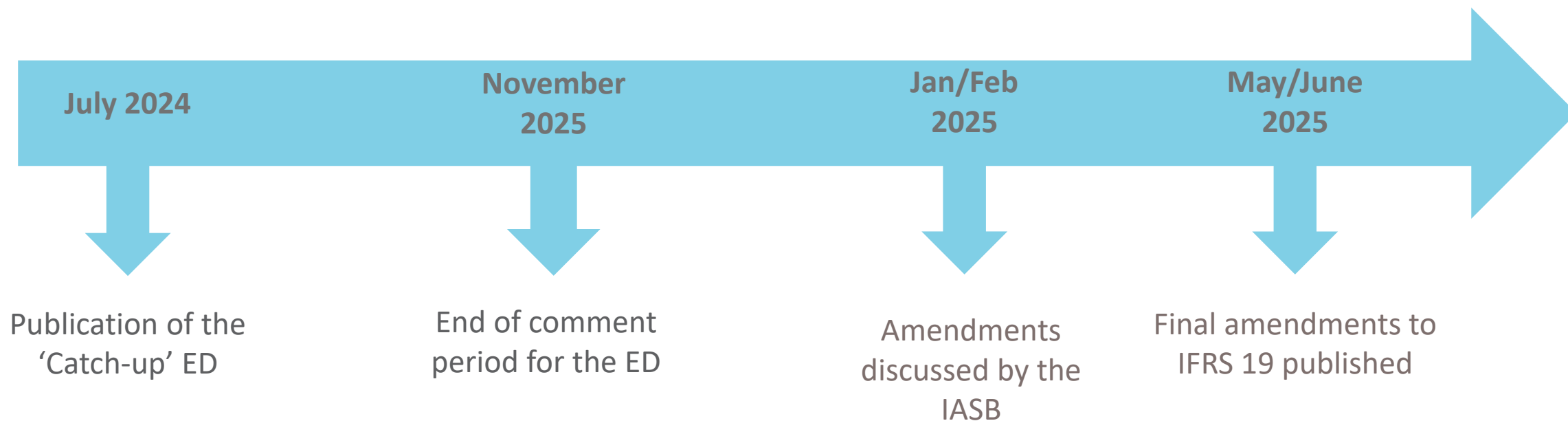
- Supplier Finance Arrangements - no reduction to requirements except for removing disclosure objective
- International Tax Reform – no reduction to disclosure requirements
- Lack of Exchangeability – no reduction to disclosure requirements
- Non-current liabilities with covenants – no reduction except for removing disclosure objective
- Amendments to the Classification and Measurement of Financial Instruments – no reduction to disclosure requirements

For a more detailed depiction of the disclosures included in the projects consulted on in parallel, and their proposed treatment, please refer to the appendix of [paper 07-01](#) of the [1 July EFRAG FR TEG meeting](#).

EFRAG FR TEG FEEDBACK

- EFRAG FR TEG expressed **full support** for the proposed reduced disclosure requirements considered as part of the 'Catch-up' exposure draft. In particular, the approach to IFRS 18 was welcomed as reducing further the newly proposed and amended disclosures from IFRS 18 might obscure information which is relevant and important for users of a subsidiary's financial statements to understand its performance and financial position.
- Similar to EFRAG FR TEG, EFRAG RRA WG expressed **full support** for the approach taken for RRA disclosures
- Based on the feedback from the user panel EFRAG FR TEG requested to engage for **users** feedback more with **credit analysts** (general request for any future amendment to IFRS 19)
- EFRAG FR TEG suggested that the IASB **uses consistently its rationale and criteria** for reducing disclosure requirements for the IFRS 19 standard
- **Voluntary application of IFRS 19** - alleviates the concerns expressed by some insurance companies that they can fall within the scope of IFRS 19
- **Timely finalization** of the amendments proposed in the Catch-up exposure draft to ensure **one-step implementation process** for IFRS 19. Request also supported by the EC.

EXPECTED TIMELINE



QUESTIONS TO EFRAG FRB

Questions to EFRAG FRB:

1. Do you see any critical points for the 'Catch-up' ED proposals?
2. Given the very supportive views of the EFRAG FR TEG, do you agree to approve the EFRAG draft comment letter on the 'Catch-up' ED through written procedure and only approve the final comment letter in a dedicated session?

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THANK YOU