



25 April 2025

Steven Maijoor, Chair
Due Process Oversight Committee
IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Our Ref: 2025/O/C1/IFRS F/CM/270

RE: Proposed Amendments to the IFRS Foundation Due Process Handbook

Dear Mr. Maijoor,

The International Organization of Securities Commissions (IOSCO) Committee on Issuer Accounting, Audit and Disclosure (Committee 1) thanks you for the opportunity to provide our comments on the Exposure Draft: *Due Process Handbook* (Handbook).

IOSCO is committed to promoting the integrity of the international markets through promotion of high-quality accounting standards, including rigorous application and enforcement. Members of Committee 1 (members or we) seek to further IOSCO's mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. The comments we have provided herein reflect the general consensus among the members of Committee 1 and are not intended to include all comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

General Observations:

We support the Due Process Oversight Committee's (DPOC) efforts to review and identify areas to update the Handbook to ensure it remains fit for purpose, is consistent with the objectives of the IFRS Constitution, and continues to support standard setting by its independent Standard Setting Boards, namely, the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). Furthermore, we are encouraged by the DPOC's efforts to update the Handbook to support and monitor the activities of its boards so that they are conducted in accordance with the due

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process set forth in the Handbook and are developed “in the public interest, [are of a] high-quality, understandable, enforceable and globally accepted for general purpose financial reporting based on clearly articulated principles.”¹

Responses to the DPOC’s Questions:

<i>Question 1—Reflecting the creation of the ISSB in the Handbook</i>
Do you agree with how the DPOC proposes to reflect the creation of, and the due process for, the ISSB in the Handbook?

Response:

We are generally supportive of the proposed amendments to the Handbook to reflect the creation of, and the due process for, the ISSB. However, we encourage the DPOC to provide further clarification or reconsideration of certain aspects of the proposed amendments which are discussed below.

Introduction

Complementary sets of Standards

We note that the proposed amendments to the Handbook state that IFRS Standards (Standards) are set by the IFRS Foundation’s (Foundation) two independent standard-setting boards and that these boards develop complementary sets of IFRS Standards to carry out the Foundation’s mission.² We also note that the proposed amendments to the Handbook include a requirement for standard setting for new or amended IFRS Standards to include steps “to meet the objective to develop Standards that are compatible, and avoid inconsistencies and conflicts, with the other board’s Standards”³ and that “[t]hese complementary sets of IFRS Standards are intended to result in the provision of high-quality, transparent and comparable information in financial statements and in sustainability

¹ Refer to paragraph 2(a) of the IFRS Foundation Constitution (2021).

² Refer to paragraph 1.1 of the proposed amendments to the Handbook and paragraph 2(a) of the IFRS Foundation Constitution (2021).

³ Refer to paragraph 6.25(b) of the proposed amendments to the Handbook and paragraphs 16(d), 37(i) and 58(i) of the IFRS Foundation Constitution (2021).



disclosures that is useful to investors and other participants in the world's capital markets in making economic decisions.”⁴

We encourage the DPOC to clarify the proposed amendments to the Handbook to specifically address how this and other due process requirements will promote the development of Standards by each board that are independent rather than interdependent.⁵ In this regard, we believe it is important to highlight that the objective for the Standards to be compatible and comparable does not mean that one set of Standards is not complete without consideration of the other set of standards and does not impede a board from making decisions that differ from the other board. We also believe this is important to highlight because entities may apply one set of Standards in combination with a non-IFRS Standard. The DPOC should consider what are the proper reporting boundaries for each board.

Additionally, we recommend that the DPOC amend paragraph 6.25(b) to remove the inference that standards are developed to “avoid consistencies and conflicts, with the other board’s standards”, and instead encourage the DPOC to expand the due process procedures noted in paragraph 6.25 of the proposed amendments to acknowledge that there may be inconsistencies or conflicts and address circumstances when a technical financial reporting decision of one board is not compatible or comparable with the standards of the other board. Members believe it is important for the Handbook to clarify how a board’s decision making remains independent of the other board if the other board has made standard-setting decisions on the same or a similar matter.

Furthermore, we believe that in carrying out the Foundation’s mission the IASB should aim to facilitate the provision of high-quality, transparent and comparable information in financial statements that is useful to investors and other primary users of general purpose financial reports in making informed resource allocation and other economic decisions (i.e., not only in making decisions relating to providing resources to an entity). In this regard, we believe the DPOC should revert to the original language specifically to address the aim of the IASB in Paragraph 1.1 which may be different than the aim of the ISSB.

Absent these clarifications, the standard-setting process may not achieve the objective for the Standards to be compatible and comparable, or the decisions made by one board may unduly influence the decisions and standard-setting process of the other board. Additionally, if the efforts needed to be undertaken by each board to meet the objective of compatible and comparable Standards

⁴ Refer to paragraph 2(a) of the IFRS Foundation Constitution (2021) and paragraph 3.49 of the proposed amendments to the Handbook.

⁵ Refer to paragraphs 32 and 51 of the IFRS Foundation Constitution (2021).



lack clarity, then those efforts may inadvertently impede the ability of disclosures prepared in accordance with IFRS Sustainability Disclosure Standards to be compatible with financial statements prepared in accordance with accounting standards other than IFRS Accounting Standards.

Principles

Voting, meeting procedures and the ballot process

We note that the table in paragraph 3.14 indicates that the approval of certain documents requires ratification by a board, such as an IFRIC Interpretation, and Amendments to the SASB Standards require ratification by the applicable board. We believe the DPOC should expand the proposed amendments to the Handbook to include a definition of the term “*ratification*” and explain the roles and responsibilities of the board and the party presenting a standard-setting matter to the board to ratify versus vote on a standard-setting matter as this could promote consistency in and transparency surrounding the standard-setting process.

We note that the terms “*simple majority*” and “*super majority*” are defined in the *Glossary of terms* and note that in some cases when these terms are used in the proposed changes to the Handbook they are accompanied by a description of these terms, including paragraphs 3.14, 3.15 and 3.17. We encourage the DPOC to revise the proposed changes to the Handbook to remove descriptions of defined terms to avoid inadvertently revising these definitions.

Full and fair consultation

The proposed amendments indicate that one of the mandatory due process steps the boards and the Interpretations Committee are required to follow includes “*consulting the Accounting Standards Advisory Forum (ASAF), the Sustainability Standards Advisory Forum (SSAF) and the IFRS Advisory Council (Advisory Council) on the work plan, major projects, proposals to add projects to the work plan and work priorities.*”⁶ We encourage the DPOC to clarify that the requirement to consult with any or all of these groups depends on if the work of these groups applies to the work of the respective board or the Interpretations Committee. One approach could be to clarify that consultation with a group is dependent on the nature of the matter being addressed, as you have done in paragraph 4.6 of the proposed amendments, which states that “*the board consults the Advisory Council and ASAF or SSAF*

⁶ Refer to paragraph 3.46(e) of the proposed amendments.



(as applicable).” We also encourage the DPOC to provide clarification to these proposed requirements which appear to be similarly set forth in paragraphs 3.50, 3.53, and 4.10 of the proposed amendments.

Standard-setting bodies

Paragraph 3.52 of the proposed amendments states that “[t]he boards are supported by a network of national accounting and sustainability disclosure standard-setting bodies and regional bodies” and includes an example that describes how these interactions consider the interoperability of ISSB standards with requirements and frameworks of other standard setters. We encourage the DPOC to clarify that interoperability considerations do not apply to IASB standards here and in other proposed amendments to the Handbook, including but not limited to paragraphs 8.8 and 8.13.

We note that paragraph 3.54 of the proposed amendments indicates that “[t]he boards also liaise with the International Auditing and Assurance Standards Board, which comments on matters relating to the auditability of proposed new Standards and amendments to Standards.” We encourage the DPOC to require the boards to meet periodically with the audit and assurance standard-setting boards with the objective of encouraging compatibility of requirements in the IFRS Standards with audit and assurance standard-setting boards’ requirements, such as going concern, to facilitate the use of those standards to provide audit or assurance of financial information prepared using IFRS Standards.

Technical Work Plan

We note that paragraph 4.2 of the proposed amendments indicates that the boards’ technical work may include updates and revisions to the Conceptual Framework. We encourage you to clarify that technical work on the Conceptual Framework only applies to IASB activities here and in other sections of the Handbook, including, but not limited to, paragraphs 4.10, 4.21-4.24 and A5.

Work plan consultation

We note that you state in paragraph 4.7 that “[m]inor and narrow-scope amendments are part of a board’s work to maintain the Standards and to support their consistent application.” We encourage the DPOC to define the terms “minor amendment” and “narrow scope amendment” and describe the characteristics the boards consider when determining if a change to the Standards is a minor amendment or a narrow-scope amendment. We believe clarification of these terms will promote consistency in the standard-setting process.



Annex B – SASB Standards and SASB Standards Taxonomy due process

Transparency

We note that the DPOC approved due process procedures for the maintenance of the SASB Standards in October 2022⁷ and approved due process procedures for updating the SASB Standards Taxonomy in March 2023.⁸ We urge the DPOC to reconsider these due process procedures given the current requirement in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS 1) to refer to and consider the applicability of disclosure topics in SASB Standards.⁹ It is imperative that standard-setting activities surrounding the SASB Standards and related updates to the SASB Standards Taxonomy are conducted in a transparent and robust manner consistent with the ISSB's other standard-setting activities.¹⁰

Question 2—Enhancements and clarifications
Do you agree with the proposed enhancements and clarifications to the <i>Handbook</i>?

Response:

We are generally supportive of the proposed amendments to the Handbook but share some concerns over certain aspects of the proposed amendments which are discussed below.

Oversight

Process

We note that paragraph 2.9 of the proposed amendments indicates that certain DPOC procedures will be conducted when there is a “*major amendment*” to a Standard rather than an amendment to a Standard. We request the proposed amendments be expanded to define the term “*major amendment*” and identify in the proposed amendments the criteria the DPOC uses to determine when an amendment to an IFRS Standard is considered to be a “*major amendment*”. This clarification will

⁷ Refer to [October 2022](#) IFRS Foundation Trustees Meeting Summary.

⁸ Refer to [March 2023](#) IFRS Foundation Trustees Meeting Summary.

⁹ Refer to paragraph 55(a) of IFRS S1.

¹⁰ Refer to paragraph 3.1(a) of the proposed amendments to the Handbook.



support consistency and transparency in the DPOC's oversight of the boards' standard-setting activities.

Principles

Accountability - Effects analysis

We note that you highlight that “[t]he objective of the IFRS Foundation (Foundation) is to develop, in the public interest, high-quality, understandable, enforceable and globally accepted standards for general purpose financial reporting based on clearly articulated principles.”¹¹ We encourage the DPOC to specifically include enforceability into your mandatory due process criteria and considerations, including your due process principle of accountability set forth in paragraphs 3.77 through 3.87 of the proposed amendments.¹² For example, for an effects analysis we believe you should include enforceability as part of the likely effects that are assessed as well as considerations for new IFRS Standards or major amendments noted in paragraph 5.4 of the proposed amendments. Expanding the due process procedures to specifically identify enforceability of new or proposed amendments to IFRS Standards as a key consideration in the standard-setting process will promote consistent application of the Standards.

Standard-Setting Projects

Identification of matters by the Interpretations Committee

We note that you have included in paragraph 5.17(a) an amendment to clarify the meaning of “widespread effect”. We encourage the DPOC to expand this clarification to address the characteristics the Interpretations Committee considers when determining if a matter is prevalent and if there is diversity in the application of an IFRS Accounting Standard, including but not limited to geographical or industry factors.

New or Amended IFRS Standards

Developing an exposure draft

¹¹ Refer to paragraph 1.1 of the proposed amendments to the Handbook.

¹² Refer also to [our comment letter dated 29 July 2019](#) on your Proposed Amendments to the IFRS Foundation Due Process Handbook.



We note that paragraph 6.6 of the proposed amendments contemplates situations where a board might draw on requirements or other materials from standard-setting or similar bodies or include such materials in proposed Standards. We encourage the DPOC to expand the due process in these situations to be as robust as regular proposed Standards including an evaluation of these requirements and other materials to ensure they do not conflict with IFRS Standards, or the IASB's Conceptual Framework, if applicable, when reflected in proposed Standards.

Finalising an IFRS Standard

We note that paragraph 6.34 of the proposed amendments now includes “guidance” as an example of accompanying material that is typically issued with a Standard that is not an integral part of the standard. We encourage the DPOC to expand the proposed amendments to describe the nature of this guidance and clarify how it differs from mandatory application guidance identified in paragraph 6.32(a) and other material to support application of IFRS Standards identified in paragraphs 8.8 to 8.16 of the proposed amendments.

Post-implementation reviews (PIR)

Conducting a PIR

We note that paragraph 6.55 of the proposed amendments indicates that “a post-implementation review begins after the new requirements have been applied for some time to ensure information is available to assess the requirements’ effects in their entirety” and therefore removes a specified time frame when a PIR is to be undertaken. We believe the DPOC should require a PIR to be undertaken a specified number of years after the new requirements have been applied, such as four years. We also believe that the time period to be applied should be a rebuttable presumption to address cases when a board determines there is not sufficient information available to assess the requirements’ effects.

Phase 2—Consideration of matters identified and their prioritisation

We note that paragraph 6.62 presents considerations for the board to assess whether there is evidence to support taking action on matters identified during the PIR. While the proposed amendments to the Handbook clarify in paragraph 6.53 that a PIR is not a standard-setting project, this does not have any bearing on the relevance or importance of the information provided by stakeholders about the application of a Standard in practice. All stakeholder feedback received, whether from a standard-setting activity or a PIR, provides critical information for a board to determine if its standards are



meeting the Foundation's objective to be high quality and enforceable.¹³ The reason why feedback was received from stakeholders should in no way diminish the importance or relevance of that feedback and is inconsistent with the DPOC's principle of full and fair consultation.¹⁴ We encourage the DPOC to revise these conditions so that they are consistent with the considerations used by the Interpretations Committee to assess the need for standard setting.

Supporting Consistent Application

Other material to support application of IFRS Standards

We note that paragraph 8.9 states that “[t]his material is not part of the Standards and their accompanying materials (see paragraph 6.34) and cannot add or change requirements in the Standards.” We encourage this or a similar statement to be added as a legend to all such materials to minimize the risk that these materials are viewed as either part of or accompanying the Standards.

In cases when materials are developed with or by third parties, we encourage the DPOC to expand the Handbook to include a description of the quality assurance processes referred to in paragraph 8.13 of the proposed amendments that are performed to evaluate whether it is appropriate for the boards to develop materials with a third party or post that third party's materials on the IFRS website.

We note that paragraph 8.13 describes the development of materials that explain how another organization's sustainability-related standards relate to IFRS Sustainability Disclosure Standards. We encourage the DPOC to include examples that explain the nature of materials developed by the IASB with a third party.

Draft IASB Prioritisation Framework

We note that the IASB is developing a prioritisation framework to help the IASB consistently prioritise technical projects on its work plan to balance capacity demand with supply and enable effective execution of the IASB's mission.¹⁵ We encourage the DPOC to expand the Handbook to include the standard-setting prioritisation. This will promote its independent standard-setting activities and the consistency and transparency of how the IASB determines which projects it will work on and when those projects will be addressed.

¹³ Refer to paragraph 2(a) of the IFRS Foundation Constitution (2021).

¹⁴ Refer paragraph 3.1(a) of the proposed changes to the Handbook.

¹⁵ See Agenda Paper 8 to the April 2024 IASB meeting and Agenda Paper DP4 to the March 2025 DPOC meeting.



We appreciate your thoughtful consideration of the views provided in this letter.

If you have any questions or need additional information, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'CML' with a period at the end.

Cameron McInnis FCPA, CPA (Illinois)
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