International Accounting Standards Board
Columbus Building
7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

RAAD VOOR DE JAARVERSLAGGEVING

Secretariaat:
Antonio Vivaldistraat 2, 1083 GR Amsterdam
Postbus 7984, 1008 AD Amsterdam

T +31(0)20 301 03 91
secretariaat@rjnet.nl
www.rjnet.nl

Our ref:	RJ-IASB 504 E
Direct dial:	Tel.: (+31) 20 301 039
Date:	Amsterdam, 22 december 2021
Re:	Comments on Exposure Draft ED/2021/3 'Disclosure Requirements in IFRS Standards – A Pilot Approach

Dear members of the International Accounting Standards Board,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to provide a response on the Exposure Draft ED/2021/3 'Disclosure Requirements in IFRS Standards – A Pilot Approach (Proposed amendments to IFRS 13 and IAS 19)' issued by the IASB on 25 March 2021 (the ED). In doing so, we also refer to EFRAG's draft comment letter dated 11 May 2021.

The DASB welcomes the IASB's initiative to improve its process of developing and drafting disclosure requirements in the IFRS Standards. We recognise the 'disclosure problem' and support the IASB's holistic approach in finding a solution. However, we doubt whether the proposed approach is the right way to continue. In addition, we are not convinced that the current proposals will actually solve the disclosure problem.

Comments to the proposed approach
The IASB has decided to take the following approach to improving its process of developing and drafting disclosure requirements in the IFRS Standards:
(a) Develop the proposed (general) Guidance;
(b) Apply the proposed Guidance to the disclosure sections of IFRS 13 and IAS 19.
(c) Prepare an Exposure Draft of amendments to IFRS 13 and IAS 19, incorporating the proposed Guidance.

In our opinion, this is an (too) extensive project and we do not support applying the proposed Guidance directly to the disclosure sections of IFRS 13 and IAS 19 and propose amendments to both Standards. Although this makes clear how the IASB intends to apply the proposed Guidance in practice, we doubt whether this is the right process. The proposed Guidance introduces a significant change from the existing guidance by making only a limited number of items of information mandatory to disclose. We are not convinced that the approach described in the proposed Guidance adequately contributes to solving the disclosure problem (as further stated in our comments below). Considering the current status of the project, we do not support the proposed amendments in IFRS 13 and IAS 19 based on the proposed Guidance. For that reason, we have only responded to the questions regarding IFRS 13 (Q6-Q11) and IAS 19 (Q12-Q18) in the context of this project. Therefore, our comments regarding these questions should not be used to amend IFRS 13 and IAS 19 without separate consultation.

In addition, we doubt whether IFRS 13 is a suitable Standard to pilot on. It is a complex and recent Standard and today's practice shows that relevant stakeholders (preparers of financial statements, auditors, regulators and users) have meanwhile found a balance in the interpretation and application of this Standard. Since we support the IASB's initiative to improve its process of developing and drafting disclosure requirements in IFRS Standards, we advise the IASB to focus on further improvement of the proposed Guidance first, considering our concerns on the proposed Guidance and taking into account our proposed alternative approach as mentioned below. After that, we suggest the IASB to set up a separate project to identify the need to apply the Guidance to existing Standards, because we do not assume that all Standards need to be revised automatically.

General comments to the proposed Guidance

In general, we support the IASB's initiative of drafting guidance for developing disclosure requirements in IFRS Standards. Such guidance provides transparent insights into the standard setting process and can provide useful support to both preparers, and auditors of financial statements. We also welcome the concept of both overall, and specific disclosure objectives in individual Standards and we agree that a 'checklist-mentality' should be discouraged in the context of following the easiest way to achieve compliance. It is a positive initiative to emphasise the information which is really relevant for users of financial statements.

However, the proposed Guidance introduces a significant change from the existing disclosure requirements by making objective-based disclosure proposals without requiring disclosure of specific items of information (only a limited number). In our opinion, this approach gives much more discretion to and requires much more judgement by and is too burdensome for preparers of financial statements. It may also lead to audit and enforcement challenges by auditors and regulators and (comparability) challenges by users of financial statements as well. Although this approach creates more flexibility for preparers of financial statements to determine which disclosures are really relevant to meet the needs of users, we are of the opinion that this change is too radical.

Furthermore, we disagree with the proposed expression for the consideration of the disclosure of items of information in assessing how to meet the objectives ('while not mandatory the following information may enable…'). First of all, we have our concerns about the effectiveness of this expression. As certain disclosure objectives can most likely not be met by excluding certain non-mandatory items we would suggest to include a list of minimal required items or expected disclosure to meet the requirement (we refer to the alternative approach as described below). Secondly, we are not convinced this is an adequate expression to remove the checklist-mentality and therefore we are concerned that the objective of this project will not be achieved. After all, the list of not mandatory items of information can still be used as a checklist (from a view of prudence) or can simply be ignored (because it is not mandatory).

We note the IASB's statement in the ED (DG10) that users of financial statements consistently highlight the importance of both entity-specific information, and comparable information. Based on our concerns as mentioned before, we are of the opinion that the IASB's proposals regarding disclosures may negatively affect the comparability of financial statements.

Although we have not performed a comprehensive field-test, we expect that the costs of this approach for preparers of financial statements will be higher, both in the first year of implementation and subsequent years. Preparers of financial statements should assess annually which disclosures are relevant. Because of the increasing level of judgement, more senior involvement is required, both at the side of preparers of financial statements and auditors. The proposed less prescriptive language can also result in enforceability and auditability issues.

Alternative approach
Based on these considerations, we believe an alternative approach is a more appropriate method in responding to the disclosure problem. This alternative approach is a modified version of the IASB's approach and more of a hybrid approach and contains:

- both overall and specific disclosure objectives (in accordance with the IASB's proposed Guidance);
- a more extensive set of minimum disclosure requirements compared to the proposed Guidance in the exposure draft;
- examples of additional items of information that could be considered to meet the overall and specific disclosure objectives (if the minimum disclosure requirements are not sufficient).

We acknowledge that this approach is more rule-based and may not discourage the checklist mentality. However, following a checklist in complying with disclosure requirements is in our opinion not a bad approach. What is important, is how a checklist is used in daily practice. In our view, when following a checklist, the principles in IAS 1.31 should be taken into account. This means:

- an entity does not need to provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material;
- an entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in IFRS is insufficient.

The overall and specific disclosure objectives are valuable in this evaluation. However, to discourage a checklist mentality, we also consider it useful to emphasise the principles of IAS 1.31 in the disclosure section of each Standard. To provide further support to practitioners, it is also recommended to expand the Materiality Practice Statement (IFRS Practise Statement 2 issued in September 2017) with guidance and examples on how to make materiality judgements regarding disclosure requirements.

The DASB's detailed responses to the questions in the ED are provided in Appendix 1.

Please feel free to contact us if you wish to discuss the contents of this letter.

Yours sincerely,

Gerard van Santen, Chairman Dutch Accounting Standards Board

Appendices
Appendix 1 – Responses to the questions of the ED

Appendix 1 – Responses to the questions of the ED

Proposed Guidance

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?

DASB's response
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. We welcome the concept of overall (together with specific) disclosure objectives in individual Standards. Overall disclosure objectives enable preparers of financial statements, auditors, and regulators to take a step back and evaluate whether the disclosed information as a whole is appropriate to meet users' needs.

In addition, we refer to EFRAG's response to the ED. Taking into account our statement above, we generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- We agree with EFRAG's encouragement to further investigate the interaction between the proposals in this ED and the developments in digital reporting. Especially since the proposed approach in this ED leads to increased application of judgment in determining relevant disclosures. This creates more discretion to disclose information in financial statements. We are concerned that this approach may negatively affect the comparability of financial statements. The comparability of financial statements is an important aspect of the digital reporting project.
- Finally, we note it is necessary to define which users and other stakeholders need to be involved in the disclosure setting process. These stakeholders can differ per type and size of entity and therefore may have different views on what is necessary to be disclosed in financial statements. In order to achieve clear disclosure objectives and to avoid a proliferation of disclosure requirements, this determination should be embedded in the standard-setting process in a structured manner.

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?

DASB's response
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. We welcome the concept of overall and specific disclosure objectives in individual Standards including the explanation of what information is intended to help users do. The overall disclosure objective can be used to evaluate users' needs regarding the Standard as a whole while the specific disclosure objectives can be used to express a more detailed objective for specific subjects within a Standard.

In addition, we refer to EFRAG's response to the ED. Taking into account our statement above, we generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- Although we support the concept of both overall and specific disclosure objectives, we are not convinced this concept, together with using non-prescriptive language for specific items of information[1], leads to more relevant information and effective form of communication. In our opinion, these proposals introduce much more judgement for preparers of financial statements. There is a high risk that the project's objectives (which are more relevant and less irrelevant information and more effective communication), will not be achieved. We refer to our response to question 3 for a more detailed response.
- We therefore suggest a modified version of the IASB's approach as described in the comment letter above. In summary: overall and specific disclosure objectives combined with a more extensive, minimum set of mandatory disclosure requirements compared to the currently proposed Guidance and examples of additional items of information that could be considered to meet the overall and specific disclosure objectives (if the minimum disclosure requirements are not sufficient).
- Regarding the proposals in IFRS 13 and IAS 19 we doubt whether the specific disclosure objectives and the explanation of what the information is intended to help users do, are sufficiently specific in all cases. We are of the opinion that the IASB's explanation is too general regarding why information is relevant. We suggest to clarify more in detail why (items of) information is relevant to disclose. We also refer to our detail comments regarding IFRS 13 (Q7) and IAS 19 (Q13).

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.

[1] 'While not mandatory, the following information may enable an entity to meet the disclosure objective…'

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.

DASB's response
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. As mentioned before, we are not convinced that the higher level of judgement the IASB has in mind, will lead to more relevant disclosures in financial statements.

In addition, we refer to EFRAG's response to the ED. Taking into account our statement above, we generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- In our opinion the project's objectives will not be achieved. Because the application of more judgement by preparers of financial statements will lead to different interpretations of objectives and non-mandatory items of information.
- Therefore, we agree with the concerns as mentioned in the alternative view in the Basis for Conclusions (AV1), being:
  - increase enforcement challenges;
  - be more burdensome for preparers of financial statements and increase reliance on materiality judgements; and
  - impair comparability for users of financial statements by introducing a more flexible approach to disclosures.
- Although we agree that a 'checklist-mentality' should be discouraged in the context of following the easiest way to achieve compliance, we doubt whether the proposed approach will change that kind of mentality. For example, most of current disclosure requirements in IFRS 13 and IAS 19 are in the proposed amendments, part of the list of

not mandatory items of information. That list can still be used as a checklist (from a view of prudence). In addition, following a checklist is not bad at all. Taking into account the requirements of IAS 1.31, an entity should (already) be applying judgement in following a list of disclosure requirements.

- We believe the proposed approach will lead to an increase in costs for preparers of financial statements, both in the first year of application and in subsequent years. Firstly, entities need to apply more judgement, which means more (expensive) senior involvement. Secondly, this increased level of judgements needs to be performed every reporting period, as entity's specific circumstance may change periodically, which will limit the cost-saving effects in subsequent years. Finally, auditor costs may increase because a higher level of judgement requires more senior involvement of auditors.
- From a cost-benefit perspective, in our view, the suggested modified version of the IASB's approach, as set out in our comment letter, is more appropriate.
- Finally, we note EFRAG's proposed outreach and field testing is useful, but may be less important if our suggested approach shall be applied.

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?

<u>DASB's response</u>
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- We disagree with the proposed non-prescriptive language when identifying items of information that could be disclosed to achieve the disclosure objectives[2], because we have our concerns about the effectiveness of this expression. As certain disclosure objectives can most likely not be met by excluding certain non-mandatory items. As an example we refer to the proposed disclosure objective in paragraph 103(a) of IFRS 13:
  'For recurring and non-recurring fair value measurements, an entity shall disclose information that enables users of financial statements to understand: (a) the amount, nature and other characteristics of each class of assets and liabilities measured at fair value in the statement of financial position after initial recognition…'

  The non-mandatory disclosure requirement attached to this objective is (proposed IFRS 13.106(a)):
  'a description of the nature, risks and other characteristics of the classes of assets and liabilities in each level of the fair value hierarchy (or a cross-reference to where that information is disclosed elsewhere in the financial statements)'.

  We highly doubt this disclosure is non-mandatory as it is not clear how an entity may meet the objective without the non-mandatory disclosure.

[2] 'While not mandatory, the following information may enable an entity to meet the disclosure objective…'

- Another reason we disagree with the proposed non-prescriptive language is because we are not convinced the checklist-mentality will be discouraged. As mentioned before, the list of non-mandatory paragraphs can still be used as a checklist or can simply be ignored.

- We prefer using an alternative expression based on the principle that certain items of information are required to disclose, but can still be excluded because the information resulting from that disclosure is not material (based on IAS 1.31). In addition, we recommend to develop guidance on how to make this judgement based on materiality. For example, by expanding the Materiality Practice Statement (IFRS Practise Statement 2 issued in September 2017) with guidance and examples on how to make materiality judgements regarding disclosure requirements.
  We suggest the following expression: 'the following examples…' or 'the following enables…'

  However, we suggest a modified version of the IASB's approach as described in the comment letter above. In summary: both overall and specific disclosure objectives combined with a more extensive, minimum set of mandatory disclosure requirements compared to the currently proposed Guidance and examples of additional items of information that could be considered to meet the overall and specific disclosure objectives (if the minimum disclosure requirements are not sufficient).

- Although the IASB's proposals use less prescriptive language, a limited number of items of information are still required to be disclosed to meet the specific disclosure objectives. In DG13 of the proposed Guidance the IASB describes that it will, in first instance, aim to develop a disclosure objective that is specific enough to make clear what information would satisfy the objective. If that is not possible, the IASB will use prescriptive language to require disclosure of a particular item of information. However, the proposed amendments to IFRS 13 and IAS 19 contain quite often prescriptive paragraphs, while according to the proposed Guidance this is only the second option. We therefore recommend to reconsider the text in DG13 of the proposed Guidance.

- In DG11 of the proposed Guidance the IASB notes (for the first and only time) that specific information can be made mandatory to meet specific disclosure objectives. In our view, this should also be expressed earlier in the proposed Guidance (e.g. in DG 2).

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).

DASB's response
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments.

Proposed amendments to IFRS 13

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?

DASB's response
We generally agree with the proposed overall disclosure objectives in IFRS 13. However, we also refer to our overall concerns on the proposed Guidance, as described in our comment letter above.

In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments.

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.

DASB's response
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- We agree with EFRAG on continuing the sensitivity disclosure as we believe this provides more relevant information for users. We are of the opinion that the disclosure of sensitivity analyses or alternative fair values for level 2 positions provides only limited relevant information about measurement uncertainty to users of the financial statements as the range of reasonable possible outcomes is usually narrow.
- We are convinced the IASB's proposal of including alternative fair values would provide less information to users of the financial statements compared to the current mandatory sensitivity analyses for level 3 positions. If sensitivity analyses disclose the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement, users will have all required information to determine alternative fair values. This information cannot be extracted when only alternative fair values would be disclosed. Therefore we agree with EFRAG on continuing the sensitivity disclosure.
- We would propose that qualitative information on judgements made by preparers in calculating the fair values is disclosed.

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?

DASB's response

We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- We believe information as listed in the paragraphs 105, 109, and 116 of the proposed amendments to IFRS 13 is useful. However, detailed split of the movement schedule in paragraph 116 in relation to profit and loss due to realised and unrealized gains/losses is not in line with other positions taken by the IFRIC in that unrealised results cannot be recycled (See IFRIC Update March 2019 on "Physical Settlement of Contracts to Buy or Sell a Non-financial Item"). We would not allow recycling of realised gains/losses versus unrealised gains/losses. As such it would be helpful to explain this only applies for items carried for FVtOCI. Otherwise further explanation by the IASB would be required, explaining how to deal with determining these unrealised gains/losses versus the realised gains/losses.

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?

DASB's response
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments.

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?

DASB's response
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- We would like to note that many entities take the assumption that a fair value disclosure is not needed because the book value is approximately the fair value. Therefore the disclosure requirement of paragraph 120 and 121 of the proposed amendments of IFRS 13 is also not applied as the fair value is not disclosed. We suggest to further clarify in the amendments that in such cases it may still be needed to provide additional information so users of financial statements can assess the relative subjectivity in the entity's assessment of where the fair value measurements of the assets and liabilities are in the fair value hierarchy, and evaluate the effect of those measurements on the entity's financial position and financial performance. As such we propose to remove the following phrase from paragraph 121: '…but for which fair value is disclosed…'. After all, the 'description of the nature, risks and other characteristics of the classes of assets and liabilities not measured at fair value in the statement of financial position' could also be relevant for items of which the fair value is not disclosed. Especially for level 3 instruments where the book value is equal to the fair value. This should not be a mandatory explanation but only a required disclosure in some situations where otherwise users would not have the required insight to the position.

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?

<u>DASB's response</u>
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above, relating to:

- our concerns regarding the increasing level of judgement;
- the expected additional implementation costs; and
- the link with the materiality concept.

Therefore, we would like to emphasise that we do not support direct application, by the IASB, of the proposed Guidance to the disclosure sections of IFRS 13 to propose amendments to this Standard.

In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- We doubt whether IFRS 13 is a logical Standard to pilot on. It is a complex and recent Standard and today's practice shows that relevant stakeholders (preparers of financial statements, auditors, regulators and users) have meanwhile found a balance in interpretation and application of this Standard.

Proposed amendments to IAS 19

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?

DASB's response
We generally agree with the proposed overall disclosure objectives in IAS 19 for defined benefit plans. However, we also refer to our overall concerns on the proposed Guidance, as described in our comment letter above.

In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments.

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.

DASB's response
In general we agree with the proposed specific disclosure objectives in IAS 19 for defined benefit plans. However, we also refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- We are of the opinion that specific disclosure objectives can be useful in providing more relevant information and less irrelevant information regarding defined benefit plans. Nevertheless, it is noted that many of the current disclosure requirements are now included in the proposed specific disclosure objectives or non-mandatory items of information. Therefore we doubt whether the proposals will be clear enough to reach the change the IASB has in mind.

- We note a specific disclosure objective about ’future payments to members of defined benefit plans that are closed to new members’ (paragraphs 147N-147P of the proposed amendments to IAS 19). We consider this as a relevant objective, since many defined benefit plans are now closed to new members. However, this requirement should not only apply to benefit plans that are closed the new members, but also to current members who decide not to continue to accrue within that plan. We suggest to add this to paragraph 147N of the proposed amendments to IAS 19.

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?

<u>DASB’s response</u>
We refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG’s response to the ED. We generally support EFRAG’s comments and have in addition (or want to emphasise) the following comments:

- We believe information as listed in the paragraphs 147F, 147M and 147V of the proposed amendments to IAS 19 is useful. However, we disagree with the proposed non-prescriptive language when identifying items of information that could be disclosed to achieve the disclosure objectives, because we have our concerns about the effectiveness of this expression. As certain disclosure objectives can most likely not be met by excluding certain non-mandatory items.
- We agree with EFRAG that the sensitivity analysis to significant actuarial assumptions should be regarded as mandatory. Although paragraph 147Q-147S of the proposed amendments to IAS 19 reflect disclosure requirements regarding measurement uncertainties associated with defined benefit obligations, we doubt whether this guidance is sufficiently clear. In addition, we would expect a separate disclosure requirement regarding the impact of uncertainties on future contributions (funding of the plan).

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?

DASB's response

We generally agree with the proposed overall disclosure objectives in IAS 19 for defined contribution plans. However, we also refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- We note that the disclosure requirements regarding defined benefit plans remain much more extensive than those regarding defined contribution plans. While defined contribution plans (including collective defined contribution plans) may indeed carry risks in respect of future period (e.g. market interest rate changes, changes in premiums, mortality) unrelated to any past services provided.

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?

DASB's response

We generally agree with the IASB's proposal regarding multi-employer plans and defined benefit plans that share risks between entities under common control. However, we refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments.

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?

DASB's response

We generally agree with the IASB's proposal regarding other types of employee benefit plans. However, we refer to our overall concerns on the proposed Guidance, as described in our comment letter above. In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments.

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?

DASB's response

We refer to our overall concerns on the proposed Guidance, as described in our comment letter above, relating to:

- our concerns regarding the increasing level of judgement;
- the expected additional implementation costs; and
- the link with the materiality concept.

Therefore, we would like to emphasise we do not support direct application, by the IASB, of the proposed Guidance to the disclosure sections of IAS 19 to propose amendments to this Standard.

In addition, we refer to EFRAG's response to the ED. We generally support EFRAG's comments and have in addition (or want to emphasise) the following comments:

- The required disclosures could differ depending on whether the obligations are directly to the participants or to a pension provider (funding arrangements). We suggest to further clarify this in the proposals.
- There should be more emphasis on disclosure of funding arrangements regarding the financial impact of potential funding bleeders (the risk of additional payments under the funding arrangement).

Notwithstanding all that is said in this letter, DASB still considers a fundamental review of IAS 19 necessary in light of the ongoing de-risking developments in the area of post-employment benefit plans and also the enormous variety in shared-risk plans.