SAS Quadra 05. Bloco J. CFC
Brasília, Distrito Federal – Brazil
http://www.cpc.org.br

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commentletters@ifrs.org

IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London

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The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)[1] welcomes the opportunity to comment on the Exposure Draft 2021/3: Disclosure Requirements in IFRS Standards—A Pilot Approach (proposed amendments to IFRS 13 and IAS 19).

We are a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidance for Brazilian companies.

If you have any questions about our comments, please do not hesitate to contact us at operacoes@cpc.org.br.

Yours sincerely,

Rogério Lopes Mota
Chair of International Affairs
Comitê de Pronunciamentos Contábeis (CPC)

[1]The Brazilian Accounting Pronouncements Committee (CPC) is a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidance for Brazilian companies. Our members are nominated by the following entities: ABRASCA (Brazilian Listed Companies Association), APIMEC (National Association of Capital Market Investment Professionals and Analysts), B3 (Brazilian Stock Exchange and Mercantile & Future Exchange), CFC (Federal Accounting Council), FIPECAFI (Financial and Accounting Research Institute Foundation) and IBRACON (Brazilian Institute of Independent Auditors).

In determining the views of the Brazilian Accounting Pronouncements Committee as to the matter, while we have performed outreaches with preparers of financial statements of Brazilian public entities and members of the CPC, we have focused our research on groups of users (most notably analysts and investors who make judgments and make their decisions on the basis of their analysis of the contents of the financial statements) since this group is likely to benefit the most from improvements in usefulness and relevance of the financial statements that would arise from the project and the suggested amendments.

We summarized our comments and observations based on our discussion with preparers and investors in subtopics below, consistent with the sequence of information provided by the ED:

1. The proposed Guidance for developing disclosure requirements in IFRS Standards in future:

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?

Our response:

Question 1(a)

In our views, the absence of clear disclosure principles in the IFRS has caused the perceived inconsistencies in disclosure requirements of specific standards as discussed by the Board in the ED and made the application of materiality judgment (i.e., the requirements set forth by IAS 1.31) by the preparers of the financial statements a challenging exercise. As such, we agree that the establishment of overall disclosure objectives within individual IFRS standards as part of the Board's standard-setting process tends to assist the Board to not only improve the disclosure requirements in the standards, but also make the disclosure more meaningful and relevant for the primary users of financial statements.

However, the application of the intended concepts may be challenging to the preparers if more clarity in the way in which the overall disclosure objectives are met is not provided. While judgment in determination of the nature and extent of disclosures is intrinsically associated with the project and the amendments suggested, in case the achievement of the overall disclosure objectives is uncertain, preparers may default to the indiscriminate inclusion of immaterial and/or irrelevant information (similarly to the approach described in the "checklist approach"), with the sole purpose of serving auditors, regulators, among others and avoid questioning.

Preparers may also face difficulties on determining the documentation that would be required to be prepared as part of its financial statement close process to support its judgment as to the specific needs of the users of the financial statements. The Conceptual Framework for Financial Reporting (further referred to as the "Framework") states that providing all of the information that existing and potential users may need is not feasible, as users have different, and possibly conflicting, information needs and desires. As such, when making such assessment the preparers would have to analyze the available evidence which may include information from other departments (such as Treasury or Investor Relations), communication with the market and analysts, information previously reported in earnings releases, among others, to determine which information would be reasonably expected to influence the decisions of such users based on those financial statements Also, this explicit focus on users' needs can eventually lead to the inclusion of excessive information in the financial statements, incorporating, for example, additional information that has been historically provided in documents outside of the financial statements (i.e., earnings releases and MD&A) to the extent those may be viewed as relevant information by a certain group of users.

While there is a comprehensive discussion on materiality judgments provided in the IFRS Practice Statement 2, Making Materiality Judgements (further referred as "Practice Statement 2"), providing clear guidelines and application guidance that preparers would apply when determining which sources of information and which documentation would be expected to support such judgments would benefit consistency in reporting and would facilitate compliance assessments from auditors (including when the applicable jurisdictional requirements include the assessment of effectiveness of internal controls over financial reporting) and regulators.

Question 1(b)

In our views, paragraphs DG5-DG7 of the ED provide little guidance as to the process that is expected to be applied by the preparers on capturing not only the needs of the users of the financial statements but also to determine which of those needs is deemed to be sufficiently pervasive and relevant to be considered part of the overall disclosure objectives. That may be challenging as the focus of the project is widely directed to investors, but in certain jurisdictions (like Brazil), other groups such as financial institutions and governmental authorities have similar prominence as primary users as investors and may eventually have a different focus when performing their assessments and making decisions on the basis of the financial statements.

As such, and also similar to the response to the question 1(a) posed above, having clear guidelines included in a document issued by the Board (i.e., on a practice statement) directed to the preparers would benefit consistent application and, providing a more robust basis for making judgments and, consequently, benefit auditor and regulations determine whether the information provided abides by the requirements set forth not only in the standards but also in the principles of IFRS.

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?

Our response:

Question 2(a)

In documents issued by the Board (i.e., the "Snapshot: Disclosure Requirements in IFRS Standards—A Pilot Approach"), the Board proposes to engage investors earlier in the standard-setting process to ensure that the development of the specific disclosure objectives to be included in the standard takes into consideration as a matter of primary relevance, the views of those users. Based on such feedback, the Board expects to be in a better position to reduce the "disclosure problems", as referred to by the Board, and not only suggest disclosures that are deemed to be more relevant but also provide explanations of what judgments the investors could eventually make in possession of the information provided.

While in our view this approach is likely to provide significant feedback on areas of improvement in reporting for the different standards, we believe that an explicit focus on investor's rather than "users" in the context provided by the Framework could lead to possible inconsistencies among the overall and the specific disclosure objectives and also create a misalignment between the information reported and the that would be in fact relevant for certain entities when the intended primary user mays comprise other groups (i.e., financial institutions acting as lenders or government entities providing funding under subsidies or grants).

As discussed in the Practice Statement 2, when making materiality judgements, consideration is given to the primary users of its financial statements based on the information that could reasonably be expected to impact their decisions. Those users, as also provided by the Framework include not only existing investors, lenders and other creditors but also other parties such as “potential” investors, lenders and creditors. Given this broader group of “primary users”, the Practice Statement 2 state that “it would be inappropriate for an entity to narrow the information provided in its financial statements by focusing only on the information needs of existing investors, lenders and other creditors”. This is also aligned wit the Framework’s conclusion that as users may eventually have different, and possibly conflicting, information needs).

According to the ED, compliance with the overall disclosure objectives is contingent on ensuring that the specific disclosure objectives disclosed in the financial statements meet those overall user information needs (which, while not outlined in the ED we understand, based on further communication from the Board, that will have a primary focus on investors). As such, the specific objectives including the detailed information needs of investors within a standard based on feedback received by the Board in its standard-setting process may be, to a certain extent, inconsistent with what should be an entity’s overall disclosure objective that is specific the facts and circumstances involving its ownership, financing, capital structure, jurisdictions, among others.

As such, to prevent inconsistencies in reporting when the primary users of an entity’s financial statements may not be homogeneous or present similar characteristics and concerns as compared to the group in which the Board has focused its standard-setting outreaches, we suggest that the Board envisages a broader group of users when determining the detailed information needs of those users that would have to be addressed within an individual IFRS standard.

Question 2(b)

As provided by in the response to item 2(a) above, we believe that when engaging the users of the financial statements to provide feedback to the Board at the beginning of the standard-setting process, consideration must be given to a broader group representing the primary users as defined by the Framework rather than solely investors. Otherwise, consistency may not be achieved on the basis for determination of the overall disclosure objectives by an entity and the determination of the specific disclosure objectives by the Board within each individual IFRS standard.

Also, further examples and application guidance matching in real examples the overall disclosure objectives determine by an entity and its correlation with the specific disclosure objective would be beneficial for both preparers as regulators and auditors. In October 2017, the Board published "Better Communication in Financial Reporting: Making disclosures more meaningful", which included case studies involving real-life examples of entities that have improved communication of information in their financial statements. We propose that similar guidance would be created focusing on how an entity determines that the overall disclosure objective has been met and how the specific disclosure requirements corroborate this conclusion.

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.

Our response:

Question 3(a)

We agree that we suggested wording provides more consistency with the IFRS principles, especially as it relates to the objective of general-purpose financial reporting and the qualitative characteristics of useful financial information. The suggested wording also clarifies that making judgments when determining the disclosures that are necessary to achieve the overall disclosure objectives is a key step in complying with the applicable IFRS standard and removes perceived inconsistencies among standards that require certain disclosures using more prescriptive language and the materiality guidelines of IAS 1 and the Framework.

Questions 3(b), (c) and (d)

While we agree that the approach would enforce materiality judgments when determining the disclosures that will be required to achieve the disclosure objectives, the abandonment of the prescriptive language may have little impact in the financial reporting if there is reasonable uncertainty as to whether the entity's judgments have been applied in a manner that is consistent with the intended principles of disclosure that will be incorporated to IFRS. Entities may eventually default to the items of information in the specific disclosure objectives as a checklist to ensure compliance with the overall disclosure objective as this approach may be perceived as a strategy to avoid questioning from regulators or auditors.

This possibility (of continued application of the "checklist approach" regardless of the enforcement of materiality judgments and the changes in the nature of the language used in the standards) is also intrinsically connected to the necessary change in culture and mindset of the preparers, since in several jurisdictions the financial statements serve a more legal and regulatory role than serving as an effective mean of communication with users of the financial statements. Due to this legal and regulatory nature of the financial statements, preparers tend to ensure that "no information is left behind" rather than evaluating which information is of increased relevance and would be of higher significance to the users, since questionings from regulators and others (including whenever litigation arises) hardly focus on excessive information, but mostly on the lack of disclosure of items prescribed in the applicable accounting principles. In our view this is likely to have impacted the current state of the financial statements, the identification of the disclosure problems and the higher prominence of other information that is specifically tailored to the users' needs such as the earnings' releases and MD&As in the annual reports as preferable source of information to analysts and investor's when making their decisions (rather than using the financial statements under IFRS as their primary source of information).

Also, while the Board has expressed its views before that while two companies might disclose information that looks different, the information would be comparable in all material respects if both companies have met the investor needs described in the objectives, the application of this may not be straightforward at all instances (especially under the investor's point of view). We note, for example, that under the Framework, comparability involves providing the users of the financial statement with the possibility to choose between alternatives (selling or holding an investment or investing in one reporting entity or another). As the primary users of the financial statements include not only existing but also potential investors, an entity that has provides disclosures that are based on its assessment of the needs of their investors may have not achieved the needs of potential investors that demand different disclosures from entities they currently invest. Such potential investors could, for example, intend to compare certain disclosures among their investees and potential future targets. While, as stated in the Framework, that comparability and uniformity are not equal concepts, materiality is a matter of relevance (as a fundamental qualitative characteristic of useful information) and intrinsically associated with the needs of the user of the financial statements. In that regard, a primary user that is not an investor would likely view uniformity in reporting as an important measure of comparability.

For that reason, it is in our view important that more guidance surrounding the process that must be followed by the preparers as well as the documentation expected to ensure that the judgments made are consistent with the disclosure principles is provided, so compliance with these guidelines can be readily assessed either internally or externally (i.e., by auditors), reducing the level of uncertainty associated with the nature of the judgments. This additional and more comprehensive guidance (i.e., a formalised disclosure framework) may also reduce potential conflicts between the entities, regulators and auditors when disparity in the criteria for the applied judgment may arise.

Question 3(e)

In our views, incremental costs would be expected as a result of the change in approach, especially in the initial periods of application. Critical thinking is complex and preparers, especially when under certain restrictions (i.e., reduced period of time to prepare the financial statements, lack of personnel in the accounting department, lack of support from other areas within the entity, among others) eventually default to the "checklist approach" not only for ensuing compliance with regulator requirements but also as this approach facilitates the preparation of the financial statements without the need to engage in a more comprehensive exercise to achieve better communication with the users of the financial statements.

As such, not only an increased number of hours would be expected, but also the involvement of more senior members of the entity (including senior management) that typically has little participation on the preparation of the financial statements and focused their review on more high-level items of disclosure or matters of increased significance rather than on the structure of the reporting.

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?

Our response:

The CPC has received mixed feedback on the proposal addressing a more prescriptive language. While the wording proposal may be effective in signalling to entities the need to apply judgement and shift the focus away from applying disclosure requirements like a checklist, there is concern that wording such as "while not mandatory" may automatically decrease importance of the remainder of the sentence and entities may utilise this direction to indiscriminately reduce the volume of disclosures. Some respondents commented that the use of the expression "may" (as in "the following information may enable an entity to meet the disclosure objective in paragraph") already implies that information is not mandatory and for that, using "while not mandatory" could be redundant.

We also refer to the comments included in question 3 above as items of concern that in our view should be addressed to ensure consistency in reporting.

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).

Our response:

No further comments noted.

2. Proposed amendments to IFRS 13 Fair Value Measurement applying the proposed Guidance

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?

Our response:

We agree with the proposed amendments as in our views the focus in the exposure to the uncertainties associated with fair value measurements of classes of assets and liabilities provides a more meaningful discussion and disclosure that would be based on the nature of the fair value measurements of each reporting entity rather than following mandatory requirements that would apply to certain measurements regardless of their connection to the entity's operations and significance.

Also, we see as one of the foundations of IFRS 13 the provision of a framework that allows for a reduction in inconsistency and an increase in comparability in the fair value measurements used in financial reporting. As such, we also refer to the comments previously made in question number 3 relating to uniformity and comparability as raised by certain respondents, especially investors, as additional guidelines clarifying how the entity achieves the overall disclosure objectives would be beneficial.

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.

Our response:

Questions 7(a) and (b)

We agree with the proposed amendments as in our views the specific disclosure objectives focus on the user needs for useful information and provides a basis to ensure that relevant information would not be obscured by the inclusion of information that is based solely on the measurement uncertainties (i.e., level-3 measurements) that may not represent significant inputs to the decision-making process of the user of the financial statements and may not present relevant information on the entity's operating activities.

Also, the Board has included a specific disclosure objective that includes reasonably possible alternative fair value measurements (paragraphs 111–113 of the draft amendments to IFRS 13). The inclusion of such objective is consistent with the proposed focus on uncertainty in measurement that could be applied to fair value measurements that are deemed material. The wording, however, in our views could be enhanced to clarify the intended outcome of such amendment in the entity's financial reporting and whether there is an intended focus on different valuation methods (i.e., the income approach or the market approach) that could be applied to certain fair value measurement examples. The example provided (example 19, IE 66) focuses on adjusting assumptions on a case that would be similar to a sensitivity analysis that is commonly disclosed by the entities.

Question 7(c)

As already acknowledged by the Board, we note that cost is a pervasive constraint on the information provided by financial reporting, and that the cost of producing information must be justified by the benefits that it provides (i.e., any cost incurred by the reporting entity reduces the returns earned by users).

While we believe that the entities will have to implement additional processes apply judgment on determining the information that is relevant for its users for complying with the disclosure objectives (refer to question 3(e), above), given the nature of the disclosure requirements that apply to such standard, we believe that an expected outcome would be more concise and relevant information regarding fair value measurements which also tends to streamline the costs involved in preparing the information.

As such, in our views, the amendments suggested follow a path that is consistent with the principles of IFRS as it relates to the relevance of information that is reported as information that is clearly not material or significant in the user's decision-making process are explicitly excluded for the disclosures (and those are likely to include more complex and subjective fair value measurements such as those classified in the level 3 of the fair value hierarchy and are not always material do the reporting entity and/or its users).

Question 7(d)

No further comments noted.

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?

Our response:

We agree with the suggested amendment as the proposed items of information in our views would allow users to understand the information on assets and liabilities measured at fair value. We also see appropriate the main focus on information that is material for the fair value measurement, that is, on not only the hierarchy level or the amounts involved but the nature of the balance sheet item and the uncertainties that are associated with it.

We also believe that the proposed items of information encourage entities to provide information that is consistent with its judgment in order to comply with disclosure objectives, which tends to benefit usefulness of the information.

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?

Our response:

Questions 9(a) and (b)

We agree with the suggested amendments as we believe that the specific objectives meet the expected financial statement users' information needs and tend to result in the provision of useful information.

Question 9(c)

As outlined in question 7(c), we believe that an expected outcome would be more concise and relevant information regarding fair value measurements which also tends to streamline the costs involved in preparing the information.

Question 9(d)

No further comments noted.

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?

Our response:

We agree with the disclosure requirements and the proposed items of information as they are, in our view, consistent with the level of information needed by users. We have no further comments.

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?

Our response:

We have no further comments.

3. Proposed amendments to IAS 19 Employee Benefits applying the proposed Guidance

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?

Our response:

We agree with the proposed amendments as we believe applying the objectives would result in more useful information for the users of the financial statements. Feedback received in outreaches performed by the CPC indicate that for certain entities, the presentation of the information required by IAS 19 is typically made by the entities without a clear connection with the actual projections of risks and financial impacts that may arise from the entity's involvement with defined benefit plans.

Respondents have also commented on the perceived high cost of compliance with IAS 19, noting that for certain aspects associated to such disclosures even when applying sensitivity and stress tests the resulting information is not material for the users of the financial statements (i.e., plans that are closed to new beneficiaries and/or with few individuals actively receiving benefits).

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.

Our response:

Questions 13(a) and (b)

We agree with the proposed amendments. We have no further comments.

Question 13(c)

Similar to the response provided on question 7(c), we believe that an expected outcome would be more concise and relevant information regarding employee benefits which tends to streamline the costs involved in preparing the information.

Question 13(d)

No further comments.

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?

Our response:

We agree with the amendments suggested as in our view the proposed items would, in our view, assist the users in understanding the information on changes in assets and liabilities for defined benefits and respective future cash flows, focusing its disclosures on material information (and, therefore, meeting the disclosure objectives).

4. Questions 15 through 18

For those questions we do not have any further comment or disagreement with the approach suggested by the Board.