12 Jan 2022

Dr. Andreas
Barckow Chair
International Accounting Standards
Board 7 Westferry Circus
Canary Wharf
London, E14
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Dear Dr. Barckow,

The Asian-Oceanian Standard-Setters Group (AOSSG) is pleased to provide comments on the International Accounting Standards Board's ('the IASB's') Exposure Draft (ED) *Disclosure Requirements in IFRS Standards – A Pilot Approach (Proposed amendments to IFRS 13 and IAS 19).* In formulating these comments, the views of the constituents within each jurisdiction were sought and considered.

The AOSSG currently has 27 member standard-setters from the Asian-Oceanian region: Australia, Bangladesh, Brunei, Cambodia, China, Dubai, Hong Kong, India, Indonesia, Iraq, Japan, Kazakhstan, Korea, Macao, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Saudi Arabia, Singapore, Sri Lanka, Syria, Thailand, Uzbekistan and Vietnam. To the extent feasible, this submission to the IASB reflects in broad terms the collective views of AOSSG members. The intention of the AOSSG is to enhance the input to the IASB from the Asia-Oceania region and not to prevent the IASB from receiving the variety of views that individual member standard-setters may hold. This submission has been circulated to all AOSSG members for their comment. In responding to the ED, AOSSG members have provided their responses to the questions in the ED as described in Appendix of this submission.

AOSSG members have mixed view on the approach of the project. While some members agree on the direction of the project despite anticipated difficulties, others do not support the project with the similar concerns. Common concerns are;

- The IASB's proposal would not result in the change in behavior that IASB is seeking. It is because, current disclosure problem is caused by the lack of ability in applying the judgement, but the IASB's approach is based on enhanced level of judgement.

Difficulties will be more serious in smaller companies which has fewer resources. Some AOSSG members predict that companies will end up disclosing all available information requested by standards, (mandatory or not), and by auditors and regulator, resulting in more lengthy financial statements than now.

- Also, the IASB's proposal could reduce the comparability of information in financial statements. There might be a diversity in the extent and quality of disclosures among entities as different preparers may provide various types of information to meet the disclosure objectives

AOSSG members who agree with the IASB's approach suggest that the Board provide more guidance on how stakeholders make materiality judgments and identify the user information needs that should be disclosed in the financial statements.

AOSSG members who do not support the IASB's project suggest that the IASB consider alternative use of the disclosure objectives, such as using the proposed Guidance as a guide when developing future standards and reviewing detailed disclosure requirements (e.g. as part of the post-implementation reviews), while continuing to have current mandatory disclosure requirement.

AOSSG highly appreciates the IASB's significant efforts in addressing disclosure problems. If you have any questions regarding this submission, please contact either one of us.

Yours sincerely

Nishan Fernando

Chair of the AOSSG

Eui-Hyung Kim

Leader of the AOSSG Presentation and Disclosure Working Group

Appendix – Comments from AOSSG members

I. 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?

[Australia]

[See comments below Question 3]

[China]

We agree that the Board uses the overall disclosure objectives in IFRS Standards, but we are concerned that the application of overall disclosure objectives may not result in the desired outcome because the key to solving the disclosure problem is whether entities, auditors, and regulators can appropriately apply materiality judgment when deciding on disclosures, which puts forward high requirements for them. As a result, we suggest the Board provide more guidance on how stakeholders make materiality judgments and identify the user information needs that should be disclosed in the financial statements.

Furthermore, we think it is necessary for the Board to clarify the relationship between disclosure objectives in individual IFRS Standards and IAS 1. In view of IAS 1, entities are required to make materiality judgments in the context of their financial statements as a whole, while in the ED, the disclosure objectives in individual IFRS Standards are the requirements that entities shall comply with. So a possibly confusing situation may happen in practice. Suppose all information related to a disclosure objective is not material from the perspective of the financial statements as a whole, the information may not be disclosed in the financial statements, which cannot meet the requirements in individual IFRS Standards. And we are also worried that in practice, entities may focus their efforts on complying with the disclosure objectives in individual IFRS Standards and do not spend time applying the overarching concept of materiality to disclosures, which may be a new form of "check-list". So we believe that it is essential to clarify the interaction between disclosure objectives in individual IFRS Standards and the “material” in IAS 1.

[Korea]

We agree with providing the proposed Guidance in that it would provide a framework that can be consistently applied to disclosure requirements in all IFRS standards.

However, if the guidance is made public on the IFRS webpage for stakeholders to view, instead of simply being used as an internal document, it would be able to help stakeholders better understand the intent of the disclosure requirements.

[Malaysia]

We agree with the proposals. We believe the overall disclosure objective would be able to provide an effective focus point for the entities and users of financial statements.

In addition, the overall disclosure objective could provide a boundary for entities to consider providing the additional disclosure under paragraph 15 of IAS 1 *Presentation of Financial Statements*, that is, when considering whether additional disclosure is necessary, the overall disclosure objectives may assist entities to decide what information is necessary based on such objectives.

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?

[Australia]

[See comments below Question 3]

[China]

We agree that the Board uses the specific disclosure objectives and the explanation of what the information is intended to help users do in IFRS Standards. But we have some concerns about the application, similar to our comments to the Q1 above.

[Korea]

Although disclosure objectives can be helpful in evaluating effectiveness of disclosure as they set out the principles on what and how far to disclose, it would be difficult to make consistent evaluation among interested parties using only the disclosure objectives because the number of disclosure items to which judgement should be applied has increased (e.g., significant information, non-mandatory disclosures, etc.).

Judgement criteria, various examples of disclosures, relevant procedures, etc. should be additionally provided to induce consistent evaluation between stakeholders (entities, auditors and regulators).

[Malaysia]

We support the specific disclosure objectives and explanations, and agree that they would provide a sufficient basis for auditors and regulators to determine whether an entity has applied judgements effectively when preparing their financial statements via their own specific frameworks and ‘checklists’ (see also Q4 below).

We believe the specific disclosure objectives would enable entities to understand the detailed information needs of users of financial statements, including how the information would be applied by users of financial statements. In addition, such objectives could facilitate the entities' application of materiality judgement and also, for the auditors and regulators to challenge the entities on how they have applied the materiality judgment.

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.

[Australia]

[Comments from Australia for Question 1 to Question 3]

The comments to Questions 1–3 of the ED are interrelated and are provided in a combined response below. The responses to Questions 1–3 should be read in light of our overall comments in the cover letter.

The AASB appreciates the IASB's initiative to address the disclosure problems via promoting judgements in disclosure decisions. However, the AASB does not support the proposed disclosure approach set out in the ED for the same reasons stated by those IASB members expressing alternative views, which are noted in paragraphs AV1– AV14 of the Basis for Conclusions (BC) of the ED. The AASB is concerned that the proposed disclosure approach may not result in the desired outcome, mainly due to the significant level of judgement required from the preparers. In particular, the AASB is concerned that:

- increased reliance on materiality judgements and requiring preparers to determine whether they meet user information needs would not effectively solve the problem. The AASB considers the key driver of the disclosure problem is whether entities can appropriately apply materiality judgements when deciding on disclosures. The disclosure problem can be adequately addressed only through the proposed objective-based disclosure approach if preparers apply the materiality concept appropriately. Some entities, particularly the smaller ones with fewer resources, might be challenged by the level of complex judgement required, and instead use the proposed items of information in the ED as a new form of 'checklist', which would not result in the provision of less irrelevant information. In other cases, preparers may tend to disclose all available information because they would be unsure of users' needs, resulting in lengthy financial statements.
- the level of judgement involved would make it difficult for auditors to provide assurance and also for regulators to enforce. Without more specific disclosure requirements, it could be difficult for auditors and regulators to determine whether preparers have appropriately and adequately assessed their primary users' information needs and whether the specific information disclosed is sufficient or needed to meet the disclosure objectives.
- the proposals in the ED could reduce the comparability of information in financial statements. There might be a diversity in the extent and quality of disclosures among

entities as different preparers may provide various types of information to meet the disclosure objectives. The AASB acknowledges the IASB's view that uniform information and comparable information are not the same thing (as outlined in para. BC198). However, the information content reflected from other disclosures is only comparable in all material respects if each entity applied its judgement appropriately. Further, audit firms could become the key driver for comparability and financial statements audited by the same audit firm would likely be more comparable than those audited by other audit firms.

- more entity-specific narrative information that is less standardised may increase the information cost for users. Users would be required to perform additional steps to convert the information into a form that is comparable between entities.

Further, the AASB noted that the recent IASB ED/2021/7 *Subsidiaries without public accountability: Disclosures* does not include disclosure objectives. The AASB recommends that the IASB consider whether the different disclosure approaches could potentially confuse some stakeholders and potentially impair comparability of financial statements. For example, a parent entity complies with the disclosures required by IFRS 13 *Fair Value Measurement* under the proposals in ED/2021/3 whereas a subsidiary complies with the disclosure requirements of IFRS 13 as proposed in ED/2021/7.

[China]

Based on the feedback from Chinese stakeholders, we are concerned that the objective-based approach in the ED may be difficult to be effectively applied in practice. Because:

- entities often regard disclosures as a compliance exercise, rather than as a means of effective communication with users of financial statements. So due to the consideration of cost and regulatory pressure, checklist approach might be easier to apply;

- many preparers, auditors, and regulators in China note that they feel stressed to make materiality judgments,because the definition of “material” in IAS 1 is too theoretical and the “four-step materiality process" provided by IFRS Practice Statement 2 is less operational;

- for entities with many subsidiaries, the cost of preparing consolidated statements may increase if parents and subsidiaries have different understanding of disclosure objectives and make different materiality judgments; and

- the cost of coordination among preparers, auditors, and regulators may be relatively high. Because different stakeholders may make different materiality judgments from their respective views.

So we suggest the Board publish more educational materials or application guidance to highlight the role of disclosures to the primary users of financial statements and help stakeholders use their judgment about what information is material and therefore should be included in financial statements.

We are also worried that the proposal may not effectively address the problem of irrelevant information disclosed in the financial statements, because auditors and regulators may require entities to disclose as much information as possible (for example, require entities to disclose all mandatory and non-mandatory items listed in the IFRS Standards) to reduce their professional risks.

Based on the above consideration, we recommend that reduce non-mandatory disclosure requirements in the IFRS Standards or keep mandatory disclosure requirements in the IFRS Standards only. For paragraph 31 in IAS 1, ' *An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance* ', reducing or deleting non-mandatory disclosure requirements in the IFRS standards would not affect the application of the disclosure objectives and may avoid preparers disclosing all mandatory and non-mandatory requirements listed in the IFRS standards without making materiality judgments.

In addition, some users especially investors have the following concerns:

- under the objective-based approach, entities may deliberately not disclose the information that would have an adverse impact on itself, which may not provide a complete picture about the real financial position of entities.
- by requiring a higher level of judgement, this objective-based approach may create tensions with comparability.

And because of the increasing use of technology to quickly filter out irrelevant information and search for the information they need, most users of financial statements in China put more highlight on whether the information disclosed in financial statements is complete and whether it is comparable, rather than the problem of information redundancy. So we suggest that the Board obtains a thorough understanding of user needs by extensive research and focuses more on mandatory disclosure requirements to ensure a minimum level of comparability.

[Korea]

Because the guidance takes an approach quite different from that of the current practice, it would not be easy to change the current practice of not applying judgement to the decisions made on the disclosures. It is highly likely that entities would disclose all of the non-mandatory disclosure items of the ED without applying judgement. Therefore, when the ED is applied, the burden on preparers, rather than auditors or regulators, would increase. Thus, a sufficiently long transition period (of more than five years) may be needed to alleviate such burden.

If the decision on whether to disclose is determined according to the user needs as set out in the amendment, information usefulness may be enhanced, but comparability between entities, industries and countries may be deteriorated. Thus, a remedy would be needed to address such circumstances (e.g., by providing detailed guidance).

After adoption of this approach, it is expected that differing views between stakeholders (entities, auditors and regulators) about the judgements applied to disclosure-related decisions would lead to increased costs of certification and regulation by auditors and regulators.

It is expected that a considerable period of time would be needed in order to form a market consensus about what adequate criteria and procedures are.

[Malaysia]

(a) We agree with the proposal to use prescriptive language to require an entity to comply with the disclosure objectives and typically use less prescriptive language when referring to items of information to meet specific disclosure objectives. This will also help to shift the compliance focus to meeting the disclosure objective from existing 'checklist-based' items of disclosure.

However, we do not support the use of the language 'while not mandatory' (see our response to Q4).

(b) We agree that this approach would be effective in discouraging the use of disclosure requirements in IFRS Standards as a generic checklist that is used by all entities and their stakeholders.

However, we think preparers of financial statements will need to develop a process to demonstrate their approach to satisfy the objectives to auditors and regulators, which may involve development of their own specific checklist as explained in (d).

(c) We agree that the disclosure objectives will help entities provide decision-useful information in financial statements and help to provide a basis for auditors and regulators to challenge the information disclosed.

However, some stakeholders have expressed concerns that the increased application of judgement in disclosure requirements as opposed to checklist disclosures could put entities at risk and open to legal challenge on grounds of negligence. Some others expressed concerns that the increased application of judgement may eventually lead to inconsistency of disclosures which might impair comparability and thus create confusion among users of the financial statements, a view which was also shared by a few Board members as stated in paragraph AV14 of the Basis for Conclusions on the Exposure Draft.

Some stakeholders, particularly the preparers of financial statements, believe that to mitigate the confusion on disclosure inconsistency, they might need to incur additional costs to actively engage with their stakeholders to better understand and meet their disclosure requirements.

(d) We agree that this approach could be operational and enforceable in practice. Some of our preparers noted that they would operationalise the requirements by developing a process to demonstrate their approach to, and engage with, auditors and regulators.

Such a process would likely involve development of their own specific framework or disclosure checklist based on their own environment, industry and engagement with their own stakeholders, and it would likely differ from those of their peers. This approach is also relevant in ensuring consistency of disclosures within a group of companies.

(e) Some preparers of financial statements noted that they would need a long transition period (ranging from 24 to 36 months) as they would need to engage with a variety of stakeholders such as investment analysts and may undertake system enhancements, engagement and communication with internal and external parties on the change of the process in order to provide the new disclosure. The new disclosure may change the way the analysts work, and those analysts may expect the preparers of financial statements to provide all the information they need via the financial statements, instead of through investor relation officers.

A longer transition period (for e.g., 36 months) would enable preparers of financial statements to execute adequate analysis in the course of arriving at the right balance of disclosures. As the proposals focus on meeting the disclosure objectives of an entity’s own circumstances, and also with the aim to remove boiler plate disclosures, preparers of financial statements must be given sufficient time to engage with all the relevant and key stakeholders accordingly.

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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?

[Australia]

Our response to Question 4 should be read in light of our overall disagreement with the proposed disclosure approach in the ED.

As discussed earlier in our response to Questions 1–3 above, the AASB is concerned that the proposals in the ED would be unlikely to achieve their desired outcome due to the high level of subjectivity involved. The subjectivity is partly attributed to the less prescriptive language used to identify the items of information.

The AASB agrees that the proposed language is worded to clarify that entities need to apply judgement to determine how to meet specific disclosure objectives. However, the AASB is concerned that some entities might misinterpret the "while not mandatory…may enable…" as a voluntary disclosure requirement. Stakeholder feedback indicated that entities tend not to disclose information prescribed by non-mandatory requirements. Some entities might purposely use this term as an opportunity to avoid disclosing relevant and material information that they do not want to share with users.

[China]

We are concerned that the proposed language may not clearly indicate that in order to meet the disclosure objectives, entities should apply materiality judgments. We suggest amending it to read "While not mandatory, if the entity judges that the information is material, in order to achieve the disclosure objective in paragraph [x], the entity should disclose…"

[Korea]

No comment

[Malaysia]

We think the use of the language '*while not mandatory*' will discourage disclosure and application of judgement by entities as the said language provides the impression that these disclosures are only additional information, rather than relevant to meeting the disclosure objectives.

For this reason and the reasons in paragraph BC23 that are supported by some IASB members, we suggest reconsidering the wording '*an entity shall consider disclosing*….'. We noted that other IASB members have expressed some reservations in paragraph BC24, nonetheless, we believe the said wording will require entities to assess whether the listed information is material, rather than ignoring it completely.

However, if the IASB does not wish to reconsider this wording, we think that at a minimum it should remove the language '*while not mandatory*', which is superfluous given the subsequent wording '…*the following information may enable*….'.

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).

[Australia]

Comments relating to 'whether and how the Board can develop specific disclosure objectives' (paragraphs BC27-BC47)

Despite not supporting the proposed objective-based disclosure approach, the AASB considers that some elements of the approach proposed in ED/2021/3 could be useful to address the disclosure problem and enable standard setters to develop requirements that produce more relevant disclosure because:

- disclosure objectives could help preparers of financial statements better understand the rationale and intent behind the specific disclosure requirements; and
- developing disclosure objectives early in the standard-setting process would help better articulate users' needs, and in turn, would provide a better basis for standard setters to determine what disclosure is necessary.

The AASB, therefore, encourages the IASB to consider alternative uses of the disclosure objectives, such as using the proposed Guidance as a guide when developing future Standards and reviewing detailed disclosure requirements (e.g. as part of the post-implementation reviews). This approach would retain the advantages noted above but bypass many practical challenges identified in our response to Questions 1–4. The benefits of the current disclosure approach (i.e. mandatory disclosure requirements) would continue under this approach, and preparers would not be burdened by the extra layer of complex judgements. Comparability issues and enforcement challenges would be avoided. Entities' opportunistic disclosure behaviour would also be avoided.

As part of this approach, it is also suggested that the IASB includes the disclosure objectives in the Basis for Conclusions section of each standard. This would allow preparers, auditors, and regulators to better understand users' needs and, ultimately, lead to more relevant disclosures and more effective communication of the information presented.

Comments relating to 'working with the IFRS taxonomy team' (paragraphs BC48–BC49) and digital financial reporting

The AASB acknowledges that the IASB technical team works with the IFRS taxonomy team when new disclosure requirements are developed. However, the AASB is concerned that objective-based disclosures could result in inconsistent tagging, which could impede the electronic use of the information in financial reports. This concern is based on findings from academic research.[1] For example, objective-based disclosures could encourage custom tagging and result in a situation where a company tags a whole paragraph of text as 'company-specific' disclosure. The tag itself would not provide meaningful information to users and require users to read through the disclosure to classify the information.

1 For example Rowbottom, N., Locke, J. & Troshani, I. (2021). When the tail wags the dog? Digitalisation and corporate reporting. *Accounting, Organizations and Society*, 101226.

Academic research has observed an increasing trend in using machine reading technologies to access information in financial reports.[2] Digital reporting has become the dominant form of financial reporting in some jurisdictions, for example, the US. When financial information is accessed via machine reading/learning technology, comprehensive prescriptive disclosure requirements are preferred over principles-based requirements, as they enable standardised comparability.[3] Users who access and analyse financial statements electronically require consistency and comparability of appropriately identified or tagged data. Digital financial reporting enables users to access financial reporting disclosure in a way customised to users' needs and capacity, as opposed to 'one size fits all' financial statements.

Digital reporting may develop further through, for example, multiple-layered reporting. While not directly addressed in the ED, future developments may mean that the issue of disclosing too much irrelevant information identified by the IASB in the ED may become irrelevant. Application of material judgements may not be required as extensively if the information is accessed and used electronically.

With the expectation that digital reporting will be the primary form for financial reporting in the future and machine reading will be widely used, the AASB encourages the IASB to:

- undertake further research into future forms of financial reporting beyond the existing taxonomy (e.g. digital financial reporting and use of machine reading technology to access financial statements) to better understand the potential effects on financial reporting and how disclosure requirements might be expressed; and
- consider developing disclosure requirements that embrace future forms of financial reporting and the use of machine reading/learning technology to access information in the financial statements.

[China]

We have no other comment

[Korea]

2 For example, Hollander, S. & Litjens, R. (2020). Localized Information Acquisition: What Do Two Billion EDGAR Queries Say About Who Acquires Information from SEC Filings and When? https://ssrn.com/abstract=3691111; Wang, P. (2020). Demand for information and stock returns: Evidence from EDGAR. University of Rochester, https://finance.business.uconn.edu/wp-content/uploads/sites/723/2020/01/Wang_Rochester_JMP.pdf.

3 See footnote 1.

No comment

II. 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?

[Australia]

We have no comments on Questions 6–18. Australian stakeholder feedback to the proposed amendments to IFRS 13 was primarily related to the implementation challenges for the proposed new disclosure approach in the ED, similar to our comments to Questions 1–5 above.

[China]

We agree with the above proposal.

[Korea]

See comments under Q11

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.

[Australia]

No comment

[China]

We agree that the specific disclosure objectives drafted in the ED can almost meet the needs of users of financial statements.

Concerning the specific disclosure objective of *significant techniques and inputs*, as well as *reasonably possible alternative fair value measurements*, we are concerned that for the entities use prices from prior transactions or third-party pricing information without adjustment to calculate their third level of fair value measurements, the relevant information of inputs and reasonably possible alternative fair value measurements may be hard to obtain.

To this end, we recommend the Board to make exemptions in IFRS Standards for special circumstances (like paragraph 93(d) in IFRS 13) to ensure the inclusiveness of IFRS Standards

[Korea]

See comments under Q11

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?

[Australia]

No comment

[China]

We consider that the disclosure of *significant valuation techniques* should be regarded as mandatory. As most users indicate that the disclosure of significant valuation techniques is of great importance, especially when different valuation techniques may result in very different fair value measurements. Furthermore, users of financial statements are more concerned with the verifiability of fair value measurements and the significant valuation techniques used in the fair value measurements would help them to make judgments on the reliability of the information provided in the financial statements.

[Korea]

See comments under Q11

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?

[Australia]

No comment

[China]

We agree with the above proposal.

[Korea]

See comments under Q11

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?

[Australia]

No comment

[China]

We agree with the above proposal.

[Korea]

See comments under Q11

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?

[Australia]

No comment

[China]

According to the feedback from Chinese stakeholders, there are still some difficulties in the application of IFRS 13. For example, some entities (especially non-financial institutions) without professional valuation teams find the valuation techniques of fair value measurement are too complex to apply. So there is a situation in practice, where costs are used as the best estimate of fair value measurement, resulting in the financial position of the entities cannot be fairly reflected. In addition, we notice that preparers usually have different understanding of the fair value hierarchy, and hence affect the comparability of the information between different entities.

Therefore, we recommend that the Board, while optimizing disclosure requirements, issues more application guidance on valuation techniques of fair value measurement to help entities to refer to.

[Korea]

[Comment on Q6~11]

We agree with the proposal. Most of the information generally required by information users seem to be included in the proposed objective.

In addition to the proposed disclosure objective, we suggest the following.

- To provide information on the degree of exposure to major risks (market, liquidity, credit risk, etc.) for assets measured at fair value, we suggest adding the relevant information to the specific disclosure objectives.
- The following items of information are required by the Korean domestic information users. Thus, it may be necessary to consider classifying them as items of information required to be disclosed, rather than those that are not mandatory but enable entities to meet each specific disclosure objective
  - ✓ a description of the significant valuation techniques used in the fair value measurements (para 110(a))
  - ✓ the range of alternative fair value measurements using inputs that were reasonably possible at the end of the reporting period (para 113(b))
  - ✓ the reasons for transfers between levels of the fair value hierarchy during the reporting period (para 117(b))

III. 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?

[Australia]

We have no specific comments for the proposed amendments to IAS 19 *Employee Benefits*. The proposed amendments are not expected to significantly impact Australian stakeholders as defined benefit plans are not frequently used in the private sector in Australia.

[China]

With respect to the overall disclosure objective of *the risks and uncertainties associated with the entity's defined benefit plans*, we are concerned that this objective may not apply to those entities who have assigned their defined benefit plans to professional third parties for management. Comments we received from stakeholders included:

- some preparers said that as the defined benefit plans are mainly managed by third parties, it is difficult and costly for them (especially for the accounting departments in the entities) to obtain the detailed information on how the plans are managed and the plan-specific investment risks.
- some users indicated that they could obtain the relevant information about the entity's defined benefit plans from other sources (such as reports publicly released by the third party who is in charge of the management of the plan).
- some auditors were concerned that the information about investment strategies and risks related to the entity's defined benefit plans may be difficult to audit.

Therefore, as mentioned above, we recommend that the Board to make exemptions in IFRS Standards for special circumstances.

[Korea]

See comments under Q18

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.

[Australia]

No comment

[China]

We believe that the specific disclosure objectives proposed by the Board can almost cover the information needs of users of financial statements.

Regarding the specific disclosure objective of *risks associated with defined benefit plans*, we have certain concerns, similar to our comments to the Q12 above.

[Korea]

See comments under Q18

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?

[Australia]

No comment

[China]

We agree with the above proposal.

[Korea]

See comments under Q18

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?

[Australia]

No comment

[China]

We agree with the above proposal.

[Korea]

See comments under Q18

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?

[Australia]

No comment

[China]

We agree with the above proposal.

[Korea]

See comments under Q18

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?

[Australia]

No comment

[China]

We agree with the above proposal.

[Korea]

See comments under Q18

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?

[Australia]

No comment

[China]

We have no other comments.

[Korea]

[Comment on Q12~18]

We agree with the proposal. We think that the overall user information needs relating to the effect of defined benefit plans on the entity's financial position and the uncertainties associated with the entity's defined benefit plans are well captured.

Additionally, it would be more appropriate to include specific disclosure objective on 'Future payments to members of defined benefits that are closed to new members' in the specific disclosure objective on 'Nature of and risks associated with, defined benefit plans'. It is because that the defined benefit plans that are closed to new members can be viewed as a nature of a defined benefit plan.

Finally. the following items of information are required by the Korean domestic information users. Thus, it may be necessary to consider classifying them as items of information required to be disclosed, rather than those that are not mandatory but enable entities to meet each specific disclosure objective.

- a description of plan-specific investment risks (para 147I(e))
- the significant demographic and financial actuarial assumptions used to determine the defined benefit obligation (para 147S(a))
- a description of how measurement uncertainty has affected measurement of the defined benefit obligation (para 147S(e))
- method of determining the actuarial assumptions used

Furthermore, the following disclosures may be added.

- Near-future expectations about change in human resources stemming from the change in the relevant industry, economy and the entity's business model.