

Report of the Due Process Oversight Committee (DPOC) meeting

Paris 31 January 2017

This was the second meeting of the DPOC to be open to the public and the recording of the meeting is available on the IFRS Foundation website¹. The key issues discussed in the public session were as follows.

1. Update on technical activities

The DPOC received an update on technical activities, and a report on the due process activities for all projects on the current agenda of the International Accounting Standards Board ('the Board'). The DPOC discussed in particular the work on the forthcoming Insurance Contracts standard for which it was noted that the Board had undertaken significant efforts to supplement its internal finalisation processes with external input both through topic-based field work and the editorial review. This work exceeded the minimum requirements of the *Due Process Handbook*. It was also noted that the results of the editorial review (sometimes called the fatal flaw review) would be discussed in the February 2017 Board meeting.

2. Effects analysis: presentation on the Insurance Contracts Standard

The DPOC received a presentation on how the Board's planned Effects Analysis for the Insurance Contracts Standard meets the requirements of *the Due Process Handbook* and the recommendations of the Effects Analysis Consultative Group (EACG). The Committee noted the outreach that had been undertaken with stakeholders (this was discussed further under item 3 below).

3. Implementation activities for the Insurance Contracts Standard

The DPOC were updated on the activities being planned to support implementation of the Insurance Contracts Standard. They noted that the effective date for the Standard would allow for a three-year implementation period and that the Board planned a range of implementation initiatives, including a Transition Resource Group (TRG). The mandate and objective of the TRG have yet to be determined but the TRG would start work only some time after the final standard is issued. Discussions of the TRG would be in public meetings and papers would be published. The Committee noted that a TRG is not necessary for every standard, but agreed that it was appropriate to have one in this case. They asked for an update on the plans for implementation support activities at the next Committee meeting.

4. Research Agenda including due process on the Share-based payment project

The Committee received a presentation on the Board's research programme; the research project on share-based payments; and the basis on which Board adds projects to its work plan. They noted in particular that research projects are subject to a more flexible due process than standard-setting projects and that the Board publishes summaries of research projects when the decision is taken that the research will not lead on to a standard-setting project. The Committee requested an updated list of the projects in the research programme and pipeline and their current status for review at the next DPOC meeting.

¹ Insert link here

The Committee discussed the work that had been done on Share-Based payments and noted that in this case the Board had decided not to perform any further work on the topic.

5. Materiality Practice Statement: presentation on Due Process

The Committee received a presentation on the due process steps undertaken to date in developing the final IFRS Practice Statement *Application of Materiality to Financial Statements*. They noted that this was the first practice statement to be completed since 2010, and agreed that the requirements of the *Due Process Handbook*, which are consistent with the requirements for a standard-setting project, had been met.

6. IFRS 9 *Financial Instruments*: Comment letter period for narrow scope amendment

The DPOC discussed a proposal for an Exposure Draft for a narrow-scope amendment to IFRS 9 to be published with a comment period of no less than 30 days. It was noted that the *Due Process Handbook* stipulated that the normal minimum comment period of 120 days could be reduced to no less than 30 days if the matter was narrow in scope and urgent, but this was subject to obtaining approval from the DPOC.

The Committee agreed that the conditions had been met and approved the 30-day comment period. They noted that the timetable would be challenging for jurisdictions that needed to endorse the amendment before the standard came into force, and also agreed that it would be important to ensure that stakeholders were aware of the short comment period.

7. IFRS Taxonomy Consultative Group (ITCG): Terms of Reference

The DPOC discussed and approved proposed changes to the ITCG's Charter to provide for consistent appointment terms for ITCG members. They also approved the reappointment of the Chair and Vice Chair of the ITCG.

8. Correspondence review

It was noted that no correspondence had been received that required the DPOC's attention since the last DPOC meeting on 13 October 2016.