

Rådet för finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2012:06

IFRS Foundation
30 Cannon Street
London EC4M 6 XH
United Kingdom

Dear Sirs,

Re: IASB and IFRS Interpretations Committee Due Process Handbook

The Swedish Financial Reporting Board is responding to your invitation to comment on the draft revised handbook.

In general, we are positive to the proposed amendments. However, we believe that there is room for further improvement in the due process. We therefore suggest some amendments to the draft handbook regarding:

- breaches of due process
- effect analysis
- fieldwork
- research programme

Oversight and Protocol for Trustee Action for Perceived Breaches of Due Process

We find the responsibility of the IASB too limited in situations when there is a perceived breach of due process. The reporting responsibilities of the IASB on how it has complied with the due process requirements in general are described in paragraph 2.10. According to paragraph 8.4 the Director for Trustee Activities is responsible for ensuring that the DPOC receives a report from the appropriate IFRS Foundation Staff in response to a complaint regarding a perceived breach of due process. Further on, it is stated in paragraph 2.14 that the DPOC will not perform any audit of the information from the IASB regarding due process requirements.

We consider that it should be clarified that the IASB is responsible for reporting to the DPOC/Director of Trustee Activities, both in the normal reporting process according to paragraph 2.10 and in situations of a perceived breach of due process. The report mentioned in paragraph 8.4 seems to go directly from the staff to the Director for Trustee Activities. While we assume that staff for practical purposes will write the reports on complaints, we believe that the IASB at least should sign the reports in order to demonstrate responsibility for responses to complaints. This is important since there will be no audit of the information according to paragraph 2.14. We believe that



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complaints are serious issues that are too important to be handled only by the DPOC and the staff.

Effect Analysis

We consider that effect analyses should be made publicly available prior to decisions taken by the IASB. It is not enough that an effect analysis is published when an IFRS is issued. Adding to this, we also believe that effect analyses should be published by the IASB and not as today by the staff of the IASB.

We also believe that the effect analysis (paragraphs 3.72-3.76) performed by the IASB should be broader in scope and more closely linked to the problem that is targeted by the IASB. By just assessing new requirements in the light of financial reporting transparency and in comparison with existing financial reporting requirements, the analysis will be too narrow. In order to assess the effects in a meaningful way, we believe that other factors than those listed in paragraph 3.74 should be taken into account. We believe that an effect analysis also should include:

- a description of the problem and what purposes that are to be achieved through the issuing of a new or amended IFRS (or IFRIC),
- a description of alternative solutions and the consequences of not taking any action,
- a description of who is affected by the projected new or amended IFRS (or IFRIC) and how widespread the issue is,
- the estimated costs (administrative and other costs) and other consequences of the standard (e.g. changes in business models, contracts and other effects), and a comparison between the alternative solutions with regard to the consequences,
- an estimated effective date for the new or amended standard,
- an estimate of the number of entities affected by the standard, and
- a description of the effects on competition between entities.

Fieldwork

While we appreciate the use of fieldwork (paragraphs 3.67-3.70) in the process of adopting high quality financial reporting standards, we believe that it should be clarified how the outcome of the fieldwork is to be documented and made available not only to the IASB but also to the public in general. We propose that this should be solved by an explicit requirement that the fieldwork should be documented through staff papers (refer to paragraphs 3.6-3.12).

Research Programme

In paragraph 4.9 it is stated that: "New financial reporting requirements developed by the IASB should be designed to address problems identified with the existing requirements. /.../ Consequently, the first step in developing a new financial reporting requirement is to assess and define the problem within the existing reporting."



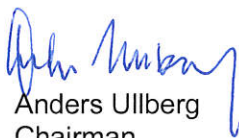
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While we agree with this approach in principle, we believe that focus should be on addressing *material* problems in existing financial reporting requirements. We therefore suggest that this requirement is added to the text.

If you have any questions concerning our comments please address our Executive member Claes Janzon by e-mail to: claes.janzon@radetforfinansiellrapportering.se

Stockholm, 4 September 2012

Yours sincerely



Anders Ullberg
Chairman