Grupo Latinoamericano
de Emisores de Normas
de Información Financiera

Group of Latin-american
Accounting Standard Setters

5 July 2013

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

RE: Exposure Draft (ED/2013/3) on Financial Instruments: Expected Credit Losses

Dear Board Members,

The "Group of Latin American Accounting Standard Setters[1] – GLASS welcomes the opportunity to comment on the Exposure Draft on *Financial Instruments: Expected Credit Losses* (the ED).

This response summarizes the views of our country-members, in accordance with the following due process.

Due-process

The discussions in regard to the ED were held within a specified Technical Working Group (TWG) created in May, 2013. All country-members had the opportunity to designate at least one member to participate in this TWG, and the following countries did so: Argentina (coordinator of this TWG), Brazil, Colombia, Ecuador, Mexico, Peru and Uruguay.

Overall comments

We support the Board's efforts to improve the accounting for recognition of credit impairments within financial assets by addressing the weaknesses in the existing incurred loss model. We agree with the Board's objective of recognising and measuring credit impairment of financial instruments within the scope of the ED (financial assets) on the basis of an entity's current expectations about the collectability of contractual cash flows. Overall, we support the IASB's proposed model for impairment of financial instruments. Although the model proposed in the ED would result in the recognition of some expected credit losses at initial recognition of a financial asset, this is preferable to the recognition of lifetime expected credit losses at that time. Further, we support the Board's decision to develop a single impairment approach for all financial assets within the scope of the ED.

The recognition of expected credit losses on financial instruments is clearly a step forward to better account for financial assets and is welcomed in Latin America by the financial sector

[1] The general objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions in respect of all documents issued by the IASB. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Brazil (Chairman), Argentina (Vice Chairman), Colombia (Board), Mexico (Board), Uruguay (Board), Venezuela (Board), Bolivia, Chile, Ecuador, Panama, Paraguay and Peru, and Dominican Republic as observer.

regulator and banks. However, there are concerns regarding the mechanics of how to achieve that goal.

One concern that has been expressed by some practitioners is that the model of two buckets to classify financial instruments would not permit a gradual recognition of the expected credit losses. They believe that forecasting the default on financial instruments over the next 12 months is feasible, but determining up front the expected credit loss over the full life of the instrument could face several hurdles, like for example the definition of "severity of default".

Other practitioners expressed concerns the regarding the IASB's proposal to require entities to use any type of relative credit quality assessment. These practitioners acknowledge, and appreciate, that the IASB tried to simplify the relative requirement providing an example referring to when an asset falls below investment grade. However, they remain concerned that a relative credit deterioration model (1) creates accounting anomalies because a credit loss allowance for similar assets may be measured differently and (2) adds operational complexity by requiring entities to track movements in an asset's credit quality relative to its initial credit standing. Certain entities may not have sophisticated credit risk management systems to track movements in an asset's credit quality relative to its initial credit standing on an on-going basis and that costs of such an assessment would most likely outweigh the benefits provided to users of financial statements.

An alternative approach to using a relative credit quality assessment would be an absolute evaluation of an asset's credit quality. Under this approach, an entity would continue to monitor the credit quality of its financial assets during the reporting period. When it becomes apparent for a financial asset or assets that, on the basis of credit indicators and other relevant factors, it is not highly probable that the entity will collect all contractual cash flows when due, the entity should immediately recognise all expected credit losses (i.e., those estimated credit losses for the remaining life of the asset or for the average remaining life for the portfolio of assets). Generally, entities would assess whether such indicators and relevant factors exist at the most granular level reasonable and without undue cost and effort, which in some cases may result in their making such assessments on a portfolio basis (i.e., portfolio of similar assets).

Another alternative approach to using a relative credit quality assessment favours a mechanic of aggregating the indicators of default, giving to each of them a certain weight in measuring the expected credit losses considering also the expected severity of the losses. When several indicators are present, there would be a compounded effect that would increase substantially the expected credit loss and, if the indicators continue or increase, the total expected credit losses over the life of the financial instrument would be almost fully recognized when the financial asset is measured individually due to a substantial increase in credit risk. This would allow for a seamless provisioning of expected credit losses, without a "jump" from the first to the second bucket.

Another controversial area is the calculation of interest revenue on a net carrying amount rather than on a gross carrying amount. Some practitioners believe that there are circumstances when interest revenue calculated on a net carrying amount (amortised cost) rather than on a gross carrying amount can provide more useful information. They believe that there comes a point at which the probability that the full contractual cash flows will not be

collected has increased such that continuing to recognise interest on a contractual basis would result in overstatement of interest income and would no longer faithfully represent the economic substance. Other practitioners believe that interest revenue should be calculated on a gross carrying amount for all financial assets because it allows users of financial statements to separately evaluate credit exposure on those assets from the interest income that the entity is entitled.
We are including some detailed comments in our answers to the specific questions in the attachment to this letter.

Specific comments

Attached please find our responses to the questions posed in the ED.

If you have any questions about our comments, please contact glenif@glenif.org.

Yours sincerely,

Juarez Domingues Carneiro
Chairman
Group of Latin American Accounting Standard Setters (GLASS)

GLASS' Comment Letter on the
IASB Exposure Draft on Financial Instruments: Expected Credit Losses.

The Group of Latin American Accounting Standards Setters (GLASS) welcomes the opportunity to submit its comments on the Exposure Draft ED/2013/3 on Financial Instruments: Expected Credit Losses issued for exposure in March, 2013. Set forth below you will find our comments on the specific questions posed in the ED.

QUESTION 1:

(a) *Do you agree that an approach that recognises a loss allowance (or provision) at an amount equal to a portion of expected credit losses initially, and lifetime expected credit losses only after significant deterioration in credit quality, will reflect?*

(i) the economic link between the pricing of financial instruments and the credit quality at initial recognition; and
(ii) the effects of changes in the credit quality subsequent to initial recognition?

If not, why not and how do you believe the proposed model should be revised?

(b) *Do you agree that recognising a loss allowance or provision from initial recognition at an amount equal to lifetime expected credit losses, discounted using the original effective interest rate, does not faithfully represent the underlying economics of financial instruments? If not, why not?*

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a) We support the proposed general approach in the ED to recognise a credit loss at an amount equal to a portion of expected credit losses initially and lifetime expected credit losses only after significant deterioration in credit quality has occurred since the initial recognition of an instrument.

We accept that the proposed model will not faithfully reflect the economic link between the pricing of financial instruments and the credit quality at initial recognition. The model proposed in the ED/2009/12 (the 2009 ED) better reflected this economic relationship. However, an adequate pricing does not mean the credit losses have been avoided by such pricing. Some loans will have collateral, and the quality of the collateral varies. Also, there are other characteristics that have to be considered at initial recognition, such as the loan to value ratio in mortgage loans. If at initial recognition the value of the collateral is significantly higher than the amount of the loan, the risk indicator would be minimal. However, if the value of the collateral is similar to the amount of the loan, the risk indicator to consider at inception would be higher. This may be the case where the collateral is similar to the amount financed in mortgage loans or car loans, when the down payment is insufficient, in which case an initial allowance should be recognized.

The 2009 ED presented significant implementation challenges for preparers and we believe that the current proposals are a reasonable compromise between reflecting the underlying economics of a lending transaction and aiming to ease operational complexities.

However, a significant concern about the IASB's proposed model is that it requires entities to use some sort of a relative credit quality assessment instead of a completely absolute evaluation of an asset's credit quality. We believe that a relative credit deterioration model (1) creates accounting anomalies because a credit loss allowance for similar assets may be measured differently and (2) adds operational complexity by requiring entities to track movements in an asset's credit quality relative to its initial credit standing.

For example, two loans of the same credit quality could have different amounts of allowance recognised against them because of the different probability of default (PD) estimated at initial recognition for these two loans. For example, assume that two loans were originated at the same time and in the same amounts, one with a 5% PD at initial recognition and the other with a 20% probability of default ("PD"). If, at the reporting period, the entity estimates that the credit risk for the loan with the initial PD of 5% has increased to a PD of 20% (which is presumed to be a significant increase), while the credit risk for the loan with initial PD of 20% has remained the same, the allowance for the loan with significant increase in credit risk to 20% would equal the lifetime expected credit losses while the allowance for the loan without any change in credit risk would still equal 12-month expected credit losses. Also, the relative credit risk assessment could result in recognising a higher allowance for credit losses for the instrument with a lower credit risk. In the example above, should the credit risk for the loan with the initial PD of 5% increase significantly to PD of 15%, the allowance on that loan that would equal the lifetime expected credit losses could have been higher than the allowance for the loan for which there was no change in the credit risk. In the IASB's proposal, it is also unclear what percentage of change in credit risk would be considered significant.

b) We agree that recognising a credit loss allowance from initial recognition at an amount equal to lifetime expected credit losses, discounted using the original effective interest rate, does not faithfully represent the underlying economics of financial instruments. Among other reasons, the loss will vary from one instrument to the other, and there are insufficient indicators at that moment to estimate lifetime expected credit losses. Also, there will not be an adequate matching of revenues of expenses, since interest has not started to be earned.

QUESTION 2:

(a) Do you agree that recognising a loss allowance (or provision) at an amount equal to 12-month expected credit losses and at an amount equal to lifetime expected credit losses after significant deterioration in credit quality achieves an appropriate balance between the faithful representation of the underlying economics and the costs of implementation? If not, why not? What alternative would you prefer and why?

(b) Do you agree that the approach for accounting for expected credit losses proposed in this Exposure Draft achieves a better balance between the faithful representation of the

underlying economics and the cost of implementation than the approaches in the 2009 ED and the SD (without the foreseeable future floor)?

(c) Do you think that recognising a loss allowance at an amount equal to the lifetime expected credit losses from initial recognition, discounted using the original effective interest rate, achieves a better balance between the faithful representation of the underlying economics and the cost of implementation than this Exposure Draft?

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a) We believe that the proposed approach in this ED achieves a better balance between the faithful representation of the underlying economics and the cost of implementation than the approaches in the 2009 ED and the Supplementary Document, except for the concerns we expressed about the proposed approach in the cover letter, our response to Question 1 and below.

   As discussed in BC 61 of the ED, the 12-month period is an operational simplification and there is no conceptual justification for the 12-month time horizon. The cost of implementation will be lower than implementing the approaches in the 2009 ED and the SD, but could have an impact on the results obtained.

   To avoid ambiguity in the implementation of the ED, we believe that the IASB could give more detailed guidelines in areas like “significant deterioration”, “significant loss”, “methodology to apply for deteriorated portfolios”, “comparison of credit quality to the previous period”

   However, practitioners in Mexico have indicated that the experience of Mexican banks is that a financial instrument will not show signs of significant deterioration at any given moment, but instead it will gradually accumulate those signs. Therefore, these Mexican practitioners believe that the best way to determine expected credit losses is to gradually take those signs into consideration, based on historical experience and provide for expected credit losses. There is a risk that the proposed approach will not capture the gradual deterioration, which is common in financial instruments, and will recognize extemporaneous effects, generally too late, which is what happened in 2008. Gradually recognizing expected credit losses will avoid those sudden jumps in the allowance. The comments received from the Mexican bankers is that what Basel II is pursuing is a gradual and anticipated recognition of expected credit losses, and that models implemented by banks pursuant to Basel II guidelines have been working satisfactorily, both by the banks that set up their own models and by following the models established by the regulator in Mexico. Clearly this has had the effect of increasing the allowances; however, it helps to have a healthier banking system.

b) We suggest that the boards perform additional research to determine whether longer periods may be appropriate.

c) We do not believe that recognising a loss allowance at an amount equal to the lifetime expected credit losses from initial recognition, discounted using the original effective interest rate, achieves a better balance between the faithful representation of the underlying economics and the cost of implementation than this Exposure Draft (See answer to 1b)).

QUESTION 3:

(a) Do you agree with the proposed scope of this Exposure Draft? If not, why not?

(b) Do you agree that, for financial assets that are mandatorily measured at FVOCI in accordance with the Classification and Measurement ED, the accounting for expected credit losses should be as proposed in this Exposure Draft? Why or why not?

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a) We agree with the proposed scope of this ED. In particular, we believe that the inclusion of certain financial guarantee contracts and loan commitments within the scope reduces complexity and is better aligned with the way that many financial entities manage credit risk. Most banks consider the amount receivable and the undrawn amount of the commitment together for risk management purposes.

b) We agree in principle that, for financial assets that would be mandatorily measured at FVOCI in accordance with the ED/2012/4 (Classification and Measurement ED), the accounting for expected credit losses should be as proposed in the ED. We believe that recognition and measurement of expected credit losses should be the same, irrespective of whether a financial instrument is accounted for at amortised cost or at FVOCI. Also, the current model in IAS 39 for available-for-sale assets has been heavily criticised as it is based on fair value fluctuations that may be driven by changes in liquidity and interest rates and therefore obscures impairment losses. Using a single model will increase comparability among financial assets and also reduce complexity.

QUESTION 4:

Is measuring the loss allowance (or a provision) at an amount equal to 12-month expected credit losses operational? If not, why not and how do you believe the portion recognised from initial recognition should be determined?

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We believe that the IASB should obtain feedback from preparers and regulators on this issue and perform additional research to determine whether longer periods may be appropriate.

The identification of loans for which the credit quality will significantly deteriorate over the next 12 months could be highly subjective. Bank officers, both in the accounting and risk areas, believe that operationally it will be very difficult to identify, on a statistical basis, the specific loans that will show significant increase in their credit risk. Banks will need very robust systems and databases to accomplish this task. Also, once having determined the loans that will have significant deterioration, it will be necessary to determine the expected loss over the life of the loan, which will be even more subjective since there will be insufficient information to gauge severity of default in loans for which there is a statistical probability of default.

QUESTION 5:

(a) Do you agree with the proposed requirement to recognise a loss allowance (or a provision) at an amount equal to lifetime expected credit losses on the basis of a significant increase in credit risk since initial recognition? If not, why not and what alternative would you prefer?

(b) Do the proposals provide sufficient guidance on when to recognise lifetime expected credit losses? If not, what additional guidance would you suggest?

(c) Do you agree that the assessment of when to recognise lifetime expected credit losses should consider only changes in the probability of a default occurring, rather than changes in expected credit losses (or credit loss given default ('LGD'))? If not, why not and what would you prefer?

(d) Do you agree with the proposed operational simplifications, and do they contribute to an appropriate balance between faithful representation and the cost of implementation?

(e) Do you agree with the proposal that the model shall allow the re-establishment of a loss allowance (or a provision) at an amount equal to 12-month expected credit losses if the criteria for the recognition of lifetime expected credit losses are no longer met? If not, why not, and what would you prefer?

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a) A significant increase in credit risk after initial measurement would undoubtedly require an increase in the loan loss allowance, but this is not the only event that could trigger the recognition of a loss allowance.

   In this regard we believe that entities should be given a choice as to make their assessment of when to recognise lifetime expected credit losses by considering not only changes in the probability of a default occurring, but also changes in expected credit losses (or credit loss given default ('LGD'), which some practitioners refer to as "severity of default")

   We refer to our answer to Question 1a) where we discuss our significant concern about the IASB's proposed model that requires entities to use some sort of a relative credit quality assessment instead of a completely absolute evaluation of an asset's credit quality.

b) We believe that more detailed guidance on when to recognise lifetime expected credit losses should be included in the ED, with example of situations resulting in financial deterioration not limited to delays in contractual payments.

Also, the concept of "significant increase in credit risk" is not defined in the ED and so would require the application of judgement.

There should be additional guidance on how to determine both the probability of default and the severity of default (how much will not be recovered). In this case we do not agree that the changes in expected credit losses to be incurred should not be considered, as the severity of default is the second part of the equation to determine the total expected credit losses.

c) See answer to Question 5.a), above.

d) The proposed operational simplifications seem to be based more on rules than on a principle, and the policy of the IASB has always been to focus on principles rather than on rules. Further, it will not be applicable to all financial instruments, since many of them do not have a credit rating. It may be applicable to sovereign debt and to some corporate debt. Regarding the past due rule of 30 days, it may represent a probability of default for certain types of loans but not for other types of loans where different delinquency patterns should be considered.

e) We generally agree that the proposed model should allow for the re-establishment of a loss allowance (or a provision) at an amount equal to 12-month expected credit losses if the criteria for the recognition of lifetime expected credit losses are no longer met. This approach would allow the credit loss allowances for financial instruments with similar cumulative increases in credit risk since initial recognition to be assessed in a similar way and therefore would better reflect the financial position at the reporting date. Notwithstanding the foregoing, we believe that an assessment of the credit quality should be made in each period and not just by comparing it to the initial period.

However, practitioners in Mexico have indicated that the sudden reduction of an allowance would not capture all the features of the likelihood and severity of credit risk. The Mexican bankers indicated that they would prefer following a methodology of decreasing the likelihood of default or the severity of default to adjust the allowance, rather than making an abrupt decrease in the allowance.

QUESTION 6:

(a) Do you agree that there are circumstances when interest revenue calculated on a net carrying amount (amortised cost) rather than on a gross carrying amount can provide more useful information? If not, why not, and what would you prefer?

(b) *Do you agree with the proposal to change how interest revenue is calculated for assets that have objective evidence of impairment subsequent to initial recognition? Why or why not? If not, for what population of assets should the interest revenue calculation change?*

(c) *Do you agree with the proposal that the interest revenue approach shall be symmetrical (ie that the calculation can revert back to a calculation on the gross carrying amount)? Why or why not? If not, what approach would you prefer?*

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a) We did not reach a consensus on this issue.

Some practitioners in Argentina, Brazil, Colombia, and Ecuador believe that there are circumstances when interest revenue calculated on a net carrying amount (amortised cost) rather than on a gross carrying amount can provide more useful information. They believe that there comes a point at which the probability that the full contractual cash flows will not be collected has increased such that continuing to recognise interest on a contractual basis would result in overstatement of interest income and would no longer faithfully represent the economic substance.

Some other practitioners in Argentina believe that interest revenue should be calculated on a gross carrying amount for all financial assets because it allows users of financial statements to separately evaluate credit exposure on those assets from the interest income that the entity is entitled. This approach is also consistent with the board's decisions in the revenue project, which focuses on the recognition of revenue for the amount the entity expects to be entitled and not on what it expects to receive. In addition, it may be operationally burdensome to change how interest is calculated for purchased or originated credit-impaired financial assets and assets that are not purchased or originated credit-impaired but that have objective evidence of impairment at the reporting date.

Most constituents in Mexico believe that there is an objection to recognize interest on loans for which there is a delinquency in payment, based on the principle that this would be equal to recognizing assets whose collection is doubtful. If a specific allowance is provided once there is objective evidence of impairment, such as indicators of delinquency, the question is whether additional interest will be collected. The consensus in Mexico is that the non-accrual of interest, which has been a longstanding practice of Mexican banks, should continue.

Notwithstanding the foregoing, most of the practitioners believe that the operational problems that this would create to identify for each loan the allowance that was provided to compute the interest would be enormous and significant changes in accounting and operating systems would have to be implemented

b) See answer to Question 6 a), above.

c) We agree with the proposal that the interest revenue approach shall be symmetrical. In circumstances where there is strong objective evidence that impairment no longer exists (this is, when there is strong evidence that the loan is performing with low risk), recognising full contractual interest revenue separately from expected credit losses should be consistent with other assets that do not have objective evidence of impairment. However, we suggest that a guidance for the accounting for when the calculation reverts from one based on the net carrying amount to gross carrying amount is provided.

QUESTION 7:

a) Do you agree with the proposed disclosure requirements? Why or why not? If not, what changes do you recommend and why?

(b) Do you foresee any specific operational challenges when implementing the proposed disclosure requirements? If so, please explain.

(c) What other disclosures do you believe would provide useful information (whether in addition to, or instead of, the proposed disclosures) and why?

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a) We overall agree with the proposed disclosure requirements.

However, we suggest that in defining mandatory disclosures, the IASB emphasizes on requiring preparers to apply judgement in determining which detailed requirements are relevant to their particular facts and circumstances. While we understand and agree with the need for having transparent disclosures about the assumptions in and process of estimating credit losses, some practitioners were concerned with the extent and effectiveness of the proposed disclosures. Some practitioners believe that the IASB should consider for these disclosures the same principles that will guide the Disclosures Framework, to avoid an overburden of data that obscures information.

b) It is expected that operational challenges will arise when implementing the proposed disclosure requirements, which should be overcome by financial institutions but may result in significant costs of implementation.

We suggest that the Board consider field testing any incremental disclosures to those already required by IAS 39 and IFRS 9, and getting get feedback from preparers regarding specific operational challenges when implementing the proposed disclosure requirements.

c) We do not have examples of any additional disclosures that would provide useful information.

QUESTION 8:

Do you agree with the proposed treatment of financial assets on which contractual cash flows are modified, and do you believe that it provides useful information? If not, why not and what alternative would you prefer?

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We agree with the proposed treatment of financial assets on which contractual cash flows are modified. However, the decision to stop recognizing an allowance for lifetime expected losses and start recognizing an allowance for 12-month expected credit losses should not only be based on the comparison of the credit quality at the reporting date with the credit quality as at initial recognition, but also on strong objective evidence that the financial asset is performing adequately. This may require that performance be monitored over several periods, which could vary depending on the reasons for the modification (restructuring), how the debtor is performing operationally, and other factors.

QUESTION 9:

(a) Do you agree with the proposals on the application of the general model to loan commitment and financial guarantee contracts? Why or why not? If not, what approach would you prefer?

(b) Do you foresee any significant operational challenges that may arise from the proposal to present expected credit losses on financial guarantee contracts or loan commitments as a provision in the statement of financial position? If yes, please explain.

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We agree with the proposed guidance on the application of the general model to loan commitments and financial guarantee contracts and do not foresee any significant operational challenges that may arise from the proposal.

QUESTION 10:

a) Do you agree with the proposed simplified approach for trade receivables and lease receivables? Why or why not? If not, what changes do you recommend and why?

b) Do you agree with the proposed amendments to the measurement on initial recognition of trade receivables with no significant financing component? If not, why not and what would you propose instead?

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a) We agree with the proposed simplified approach for trade receivables and lease receivables. We believe that this deviation from the general impairment model would reduce the cost of implementation for many entities that do not have strong databases to determine probability and severity of default or statistical historic information on the performance of these receivables, while not impacting the quality of the resulting information.

However, constituents in Mexico believe that the department stores have strong data about credit losses to apply the proposed model or a model that would gradually recognize an allowance for expected losses, such as the one already followed by the banks for consumer loans. Regarding lease receivables, they believe that, in substance, a financial lease is a commercial loan, for which the collateral has a value which is similar to the amount of the loan.

b) We agree with the proposed amendments to the measurement on initial recognition of trade receivables with no significant financing component.

QUESTION 11:

Do you agree with the proposals for financial assets that are credit-impaired on initial recognition? Why or why not? If not, what approach would you prefer?

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We agree with the proposals.

When an entity purchases a credit-impaired financial asset or portfolio of assets, it is highly likely that it has information about projected future cash flows in order to establish a price to bid for the asset or portfolio of assets. Therefore, there is information on the future cash flows that will enable the entity to determine the credit-adjusted effective interest rate.

Loss allowances will have to be recognized based on the methodology established in the ED (this is, cumulative changes in lifetime expected credit losses since initial recognition will be in the statement of financial position as a loss allowance for these assets). Due to the distinctive features of these loans, each one of them will have to be monitored regarding probability and severity of default. Since there is no past experience with these assets, it will be more difficult to measure the loss over their lifetime, but if probabilities of default are added and a severity of default is determined, an adequate allowance for expected losses may be measured.

QUESTION 12:

(a) What lead time would you require to implement the proposed requirements? Please explain the assumptions that you have used in making this assessment. As a consequence, what do you believe is an appropriate mandatory effective date for IFRS 9? Please explain.

(b) Do you agree with the proposed transition requirements? Why or why not? If not, what changes do you recommend and why?

(c) *Do you agree with the proposed relief from restating comparative information on transition? If not, why?*

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a) We believe that a period between three to five years is appropriate to allow information systems to be updated and implementation issues to be considered. We are however, aware that the standard would apply to different types of entities and therefore would encourage the Board to carefully consider the feedback from preparers and regulators about whether additional implementation time may be necessary.

b) The proposed transition requirements represent a reasonable balance between providing useful information for users and reducing the cost of implementation. However, when a retrospective application would require undue cost or effort or would not be realistic, since it would be impossible to determine what would have been the expected loss in prior years without using hindsight, we believe that a prospective application should be followed

c) The proposed relief from restating comparative information on transition appear appropriate.

QUESTION 13:

Do you agree with the IASB's assessment of the effects of the proposals? Why or why not?

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We believe that the IASB should carefully consider the feedback provided by preparers and users, including regulators, on the assessment of the effects of the proposals.