Grupo Latinoamericano de Emisores de Normas de Información Financiera

Group of Latin-american Accounting Standard Setters

January 12, 2022
International Accounting Standards Board
30 Cannon Street London EC4M 6XH

United Kingdom

ED: Disclosure Requirements in IFRS Standards—A Pilot Approach - Proposed amendments to IFRS 13 and IAS 19

Dear Board Members:

The "Group of Latin-American Accounting Standard Setters"[1] – GLASS welcomes the opportunity to comment on Disclosure Requirements in IFRS Standards—A Pilot Approach - Proposed amendments to IFRS 13 and IAS 19 (the "ED").

Due process

The discussions regarding the ED were held within a specific Technical Working Group (TWG) created in April 2021, in which representatives of our member countries participated.

All member countries had the opportunity to designate at least one member in this TWG. Each standard-setting body represented in the TWG carried out different tasks in their respective countries (e.g., surveys, internal working groups); all results were summarized, and this document served as a starting point for the TWG discussion process.

The TWG discussed each of the points of view received and developed a final document based on the agreed responses and the technical points of view of all its members, which was finally discussed with and approved by the GLASS Board. The results are attached to this correspondence.

Overall Comments

The global disclosure objectives would allow evaluating the relationship between the information objectives and the potential information needs of stakeholders, complemented with specific disclosure requirements, increased professional judgment and the description of specific elements of information to be disclosed. During the transition period, we recommend the use of the Guidance with an intermediate approach, which facilitates the change of culture from an approach based on a checklist to an approach that encourages the exercise of professional judgment.

[1] The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts, Discussion Papers and Requests for Information issued by the IASB. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Chairman), Bolivia, Brazil (Vice Chairman), Chile (Board), Colombia (Board), Costa Rica (Board), Dominican Republic, Ecuador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) y Venezuela (Board).

When applying the Guidance as a pilot plan for IFRS 13, the exercise of professional judgment and the determination of materiality leads to considering the level of detail necessary to satisfy the global disclosure needs and their specific objectives, with emphasis on the details when it comes to material fair value measurements. We strongly recommend the inclusion of two requirements that will help to improve the evaluation of the fair value measurement: 1- the possible alternative fair value measurements and, 2- the reasons for the changes in the fair value measurements.

By applying the Guidance as a pilot plan for IAS 19, the requirement will allow entities to measure the degree of disaggregation of the information to be disclosed in accordance with their judgment. An entity will need to disclose additional information if the material risks and uncertainties associated with an entity's plans affect the primary financial statements and have not been incorporated in the specific disclosure objectives. In this sense, professional judgment will be used to determine the level of disaggregation of the information, so that the financial statements include the information required by their users.

Specific Comments

Attached please find our specific responses to the questions presented in the ED.

Contact

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

Sincerely yours,

Jorge José Gil
Chairman Group of Latin American Accounting Standard Setters (GLASS)

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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?

GLASS Response:

Response to (a)

GLASS agrees with the IASB's proposal on the future use of overall disclosure objectives within IFRS standards. By including overall objectives of information to be disclosed by the entities, it is possible to contemplate the particular aspects of each entity, including the relevant information related to those aspects, without requiring lists of information to be disclosed that, in certain circumstances, may result unsuitable for specific entities.

The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about the provision of resources to the entity. Many existing and potential investors, lenders, and other creditors are not in a position to require entities to provide information directly to them, so they must rely on general purpose financial reporting to obtain most of the financial information they provide need. If entities consider this information as an overall requirement within a particular standard, it means that the specific requirement not disclosed so far can be satisfied and thus the financial information presented would be of better quality.

Response to (b)

GLASS agrees that the establishment of overall disclosure objectives would allow evaluating the relationship between the information objectives and the potential information needs of users, requiring the entity to include relevant and useful information in its financial statements. The overall objectives would lead to a

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comprehensive analysis of the information disclosed to assess whether such information is sufficient for a reader to understand the implications of the transactions and economic events that influenced the preparation of the financial statements.

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?

GLASS Response:

Response to (a)

GLASS agrees that specific disclosure objectives in the context of an individual IFRS standard will guide entities in the elements of judgment for the preparation of relevant and effective information about the entity. The specific objectives represent a guide to material information to be disclosed, facilitating entities to provide relevant information and assess the judgment on its materiality or relative importance.

The fundamental qualitative characteristics of useful financial information are ***Relevance*** *and* ***Faithful Representation****. Objective and specific disclosures minimize the risk of non-compliance with these qualities.*

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Response to (b)

GLASS considers that the application of overall disclosure objectives is complemented by the specific disclosure requirements. The exclusive application of overall objectives can cause disagreements between issuers, auditors and regulators related to the judgment applied and the fulfillment of the disclosure objectives; therefore, the existence of specific disclosure objectives may limit these differences as long as the disclosed information meets the necessary requirements of relevance and faithful representation.

GLASS suggests that the specific objectives be complemented by a list of minimum disclosure requirements necessary for their fulfillment. We consider that the approach proposed by the Guidance to improve disclosures represents a novel issue for the entity, regulators, auditors and users of financial information, which requires a period of adaptation for those involved, reducing the potential complexities for the application of judgment in considering how to meet specific disclosure objectives.

The inclusion of illustrative examples or a practice statement could be an appropriate tool to provide a basis for auditors and regulators to determine whether an entity has applied judgments effectively in preparing the disclosures in its financial statements.

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

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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.

GLASS Response:

Response to (a)

GLASS agrees that this approach allows financial statements to disclose information relevant to users, providing formality and objectivity to the presentation and disclosure of financial information without reservation. When the entity understands the reason for the information requirement for the user, it will focus more on what is relevant (BC189).

One member country considers that prescriptive language should continue to be used to establish minimum disclosure requirements for a specific standard.

Response to (b)

GLASS considers that the change in the wording of the aspects proposed as specific objectives and the identification of criteria to evaluate the information to be disclosed will contribute to improving the quality of the information, increasing the level of

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demand in the disclosure of aspects that could not be contemplated in a checklist. However, we express concern about the effectiveness of discouraging the use of the disclosure requirements in IFRS Standards as a checklist. Among the reasons for this concern are the following:

1- Entities may be tempted to continue evaluating the alternatives proposed by IFRS as a checklist for the preparation of financial statements, verifying compliance with the proposed criteria.

2- The potential risks of insufficient disclosure, damaging comparability. GLASS expresses how favorable this approach is in that preparers of financial information would separate from the financial information disclosure model based on a format and not on a necessary and applicable requirement, providing the preparer of financial information with a guarantee of the application of judgment that is reasonable and consistent with the needs of users when disclosing the information.

An approach that includes a practice statement on disclosures, so that financial information preparers, auditors and authorities can adapt to how to apply these principles, may be useful to discourage over time the consideration of specific disclosures contained in an IFRS as a checklist.

Response to (c)

GLASS agrees with the proposal because it allows freedom in terms of broadening the application of professional judgment on aspects that are important to the user of financial statements. It allows eliminating what is not relevant to give way to what is material and is better adapted to the specific information needs (BC6), since entities must evaluate the information needs of the users of their financial statements.

Response to (d)

GLASS considers that the approach will be operational and enforceable in practice and that the way in which it is prescribed is easy to understand; therefore, it ensures that it will be operational with mandatory compliance, as it is a fully applicable regulatory body. The importance of disclosing the benefits of the proposed change is highlighted to minimize the initial risks of resistance in its application.

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However, GLASS is concerned about what could represent potential conflicts between entities, regulators and auditors when there is disparity of criteria on the judgment applied. The subsequent evaluation of the results of the application of the standards will be necessary to measure the magnitude of the potential points of disagreement due to the inadequate description of the objectives pursued that allow divergent interpretations.

Response to (e)

1- GLASS believes that incremental costs are to be expected as a result of the change in approach. This is because it is generally more costly to apply judgments in disclosure than to consider a checklist that facilitates its preparation.

2- The development of judgment involves a more complex analysis process and the necessary participation of senior management. The change in disclosure habits would entail a learning curve for users of financial information, which involves an inherent economic cost.

3- The cost would be directly related to the hours of preparation and the work of disclosing additional information of elements of the financial statements that require the participation of specialists who guarantee the optimal level of necessary disclosures.

4- We believe it is highly unlikely that the required information has been omitted from the financial statements, but it is highly probable that the focus on considering disclosure requirements as a checklist has resulted in the inclusion of a lot of questionably relevant information.

5- Management's process of identifying and selecting only relevant information will add a very important additional requirement for analysis. If the analysis results in the need to eliminate questionably relevant information, this elimination does not imply significant effort or costs in terms of the adaptation of information systems.

If the need arises to disclose new information, the effort and cost of preparing it could be significant.

6- Some entities are not expected to incur any incremental costs, other than the cost associated with the time that must be devoted to understand the disclosure requirements. However, for other entities, incremental costs could be incurred, for

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example, in the case of the disclosure of information related to the determination of the fair value of some elements of the financial statements, which would imply an expense for the participation of expert professionals in such studies.

7- This new approach could lead to technological costs, such as the modification of financial information management ERPs, in addition to changes to the XBRL taxonomy.

8- In the case of auditors, adherence to this approach would potentially lower the costs of seeking evidence, as part of the application of professional skepticism, since any decision where professional judgment is applied must be documented and disclosed.

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?

GLASS Response:

GLASS agrees that the proposed language makes it clear that entities need to apply judgment when determining how to satisfy the specific disclosure objective. The use of this language in the content of the standard requires entities to make a reasonable assessment of compliance with the disclosure requirements. GLASS believes that the use of less prescriptive language will promote a change in focus towards a greater commitment on the part of the entity to improve the content of its disclosures.

In the comprehensive content of the responses, GLASS has stated its position that the information to be disclosed should be based on the application of professional judgment based on the standard and adapted to the circumstances of the sector in which the entity operates. The use of non-prescriptive language, in the manner proposed by the Guidance, implies that the exercise of professional judgment must

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always be applied when evaluating what information is material for the purposes of disclosure in the financial statements of the entity. The language and wording used up to now for the requirement of information to be disclosed in IFRS has led to interpreting their use as checklists and subsequent verification of compliance, obscuring the exercise of professional judgment.

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).

GLASS Response:

GLASS makes the following comments:

1. Comments on BC 27 to BC40 - The ED intends to develop the proposed Guidance through disclosure objectives, as well as with pilot tests of such Guidance applied to IFRS 13 and IAS 19. However, it is not clear, once the Guidance is developed, if it would be implemented until it has also been developed for the rest of the standards that make up IFRS or if financial statements would be prepared as of a certain date under two approaches, that of the Guidance for the two aforementioned standards plus the existing disclosures in the rest of the standards. Likewise, the consultative process for the development of the methodology that establishes sufficient specific disclosure objectives is quite robust; however, there is no mention of a possible deadline by which it can be completed.

2. Comments on BC45 - It is important that the ED consider the inclusion of the cost-benefit of the information that it considers essential to disclose.

3. Comments on BC51 - Consistency in the use of properly defined terms as suggested by the ED is critical.

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4. Comments on BC190 (b) - We agree with the expectation of the ED; however, changing this paradigm will be a complex task that confronts the paradigm of preparing disclosures under a compliance exercise.

5. Comments on BC200 - Applying the Guidance could lead to a potential risk that the information is less comparable between entities even though they have appropriately applied judgment in the development of disclosures. This situation can occur when, for example, the same transaction is present in two different entities and in one of them it was considered relevant and therefore disclosed in accordance with the Guidance, while in the other entity its disclosure was omitted as a result of the judgment applied.

6. We consider it prudent for the Guidance to be applied with an intermediate approach during the transition period, facilitating the shift from an approach based on a list of requirements to an approach that encourages the exercise of professional judgment, based on capacity and the entity's own experience in identifying material and substantial disclosures that affect the financial statements. It is necessary that the specific disclosure objectives be complemented by a list of minimum disclosure requirements necessary for their fulfillment.

7. We believe that the problem of disclosure arises because preparers of financial information, structured in financial statements, do not usually apply the concept of materiality to disclosures, nor do they usually use judgment to visualize the degree of detail that users would expect depending on the nature of the transaction subject to disclosure.

8. As a result of the previous point, it is proposed that, although there is consensus with the establishment of overall objectives of information to be disclosed, minimum requirements of information to be disclosed by the entities be maintained, reinforcing the materiality in the disclosure of these minimum requirements. The additional inclusion of minimum requirements prevents comparability from being impaired when entities apply judgment, further minimizing efforts for regulators, auditors and others interested in understanding and evaluating whether the entity in applying judgment met the disclosure objectives of relevant information needed.

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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?

GLASS Response:

GLASS believes the proposal to apply the new disclosure guidance to assets and liabilities measured at fair value in the statement of financial position after initial recognition to provide useful information that meets the overall information needs of users meets the proposed objective. The application of professional judgment and the determination of materiality lead to considering the level of detail necessary to satisfy the overall needs for information to be disclosed, with an emphasis on details when it deals with material measurements of fair value.

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?

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(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.

GLASS Response:

Response to (a)

GLASS agrees that the proposed specific disclosure objectives capture the detailed information needs of users on assets and liabilities measured at fair value in the statement of financial position after initial recognition, because they include the basic information that the entity has and that is useful for users, regulators and auditors, to understand the effect of measuring the fair value of assets and liabilities reflected in the financial statements.

We strongly support the inclusion of two requirements that will contribute to improving the evaluation of the measurement of fair value:

1- Possible alternative fair value measurements

2- Reasons for changes in fair value measurements

The specific objectives take into account the needs of users according to the context in which they are found. The inclusion in the project of the explanation of the changes in the measurements aims to meet this permanent need of users, reducing the uncertainties in the evaluation of the value incorporated for the asset or liability in the statement of financial position.

The fair value hierarchy is an example of information that may enable an entity to meet a specific disclosure objective about the reasons for changes. Information about why transfers between the three levels of fair value have occurred is relevant to users' ability to understand an entity's exposure to those uncertainties and their approach to categorizing fair value measurements within each level of the fair value hierarchy.

Response to (b)

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GLASS agrees with eliminating information on immaterial fair value measurements. This approach should be done both by requiring the inclusion of relevant information and by not including insignificant details that overshadow it. Excess information on the fair value of assets and liabilities is not always understood by users of financial statements and does not guarantee meeting the objective of improving effective communication.

The application of professional judgment will allow the identification of irrelevant information, giving entry to the approach in practice of including material information that allows the evaluation of fair value measurements. In this way, this ED will contribute to the objective of motivating the inclusion of the relevant related information.

Response to (c)

GLASS agrees that the benefits of the information to be disclosed justify the costs to develop it, considering that the required disclosures correspond to information that the entity should have when applying the fair value measurement. The additional cost relates to their classification and the preparation of material disclosures that ensure greater usefulness for users of the financial statements.

*A related matter for analysis, is that established in paragraph 2.39 of the Conceptual Framework regarding the following content: "**Cost is a dominant restriction on the information that can be provided through financial information. The presentation of financial information imposes costs, and it is important that those costs are justified by the benefits of presenting that information. There are several types of costs and benefits to consider"**. We are aware of the restriction established in paragraph 2.39 of the Conceptual Framework, and we point out that the benefit or usefulness will depend on the users´ information.*

Response to (d)

GLASS does not have any additional comments.

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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?

GLASS Response:

Response to (a)

GLASS agrees that entities should be required to disclose the items of information proposed in paragraphs 105, 109 and 116. We consider it especially appropriate to include a reconciliation of changes in fair value measurements in the period, always under the materiality premises, with an emphasis on explaining the impact of uncertainty associated with such changes.

One of the qualitative characteristics of the information is that it is understandable, and in this case those elements take into consideration what is related to the fair value hierarchy: 1- the disclosure of information that allows the user to understand the techniques and input data used to determine the measurements and, 2- the reconciliation of balances that will facilitate the understanding of the changes in the measurements.

Response to (b)

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GLASS agrees with the proposed elements of information that are not mandatory; this helps to disclose only those that are relevant to users of financial statements, in addition to guiding issuers on the nature of the information to be disclosed. For example, the consideration of including the reasons for changes in financial instruments measured at fair value on a recurring basis and not classified in level 3, may help the entity meet its disclosure objective in this area.

The same use of professional judgment will require taking into account mentioning or adding any type of information that complements what is to be disclosed and that was not previously contemplated. The foregoing is in line with the IASB's position regarding the complementary nature of non-mandatory information, generally prescribed by non-mandatory guidance, fundamentally applicable to immaterial information.

Question 9—Specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes

Paragraphs BC98–BC99 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes.

(a) Do you agree that the proposed specific disclosure objective captures detailed user information needs about assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes? Why or why not? If not, what changes do you suggest?

(b) Do you agree that this proposed specific disclosure objective would result in the provision of useful information about assets and liabilities not measured at fair value but for which fair value is disclosed in the notes? Why or why not?

(c) Do you agree that the benefits of the specific disclosure objective would justify the costs of satisfying it? Why or why not? If you disagree, how should the objective be changed so that the benefits justify the costs?

(d) Do you have any other comments about the proposed specific disclosure objective?

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GLASS Response:

Response to (a)

GLASS agrees with the specific objective to disclose information on the nature and characteristics of assets and liabilities not measured at fair value, but for which their fair value must be disclosed in the notes to the financial statements. This information is contemplated in current standards, although based on the materiality requirement it is sometimes omitted.

Response to (b)

GLASS agrees with the proposal. The project requires that relevant information be included, and in paragraphs B48 to B50 the applicable criteria for the development of professional judgment and the scope of the information to be presented are defined. This specific objective addresses aspects related to the nature and particular characteristics of the items presented, which have not been measured at fair value, but which warrant its disclosure. For example, a fair value benchmark is necessary for financial instruments measured by the entity at amortized cost.

Response to (c)

GLASS agrees with the proposal. This proposal makes it possible to provide relevant information for users to interpret the information included in the financial statements for assets and liabilities that are determined with materiality criteria as described in paragraph B48, a position that coincides with the answer provided in question 7.c). Furthermore, meeting this specific objective should not represent an incremental cost.

Response to (d)

GLASS does not have any other comments on this matter.

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

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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?

GLASS Response:

Response to (a)

GLASS agrees because the requirement is consistent with the level of information necessary for users, allowing them to know how in the future such information may impact on the financial statements, helping users of financial information to evaluate whether the measurement It is reasonable with respect to the technique used or if it is based on the subjectivity of the person who prepared it.

Response to (b)

GLASS agrees because it is consistent with paragraph 106, allowing users to have the same type of information for this type of item. It is considered appropriate to change the practice of using a disclosure checklist to one that includes proposed non-mandatory elements of information that, in the opinion of the reporting entity, will be used, provided it is relevant to users of financial information. In this way, the complementary nature of the information is reaffirmed, which in the opinion of the preparer should be considered to increase the level of understanding of the information by users.

Question 11—Other comments on the proposed amendments to IFRS 13

Grupo Latinoamericano de Emisores de Normas de Información Financiera

Group of Latin-american Accounting Standard Setters

Comment letter of GLASS about

Disclosure Requirements in IFRS Standards—A Pilot Approach - Proposed amendments to IFRS 13 and IAS 19

PROPOSED AMENDMENTS TO IFRS 13 *FAIR VALUE MEASUREMENT* APPLYING THE PROPOSED GUIDANCE

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?

GLASS Response:
GLASS considers that in general terms what is being pursued by the IASB when promoting the project is appropriate, in terms of seeking a balance in which sufficient disclosure of relevant information prevails regarding items that are material for the financial statements, based on the entity's judgment.

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Group of Latin-american Accounting Standard Setters

Comment letter of GLASS about

Disclosure Requirements in IFRS Standards—A Pilot Approach - Proposed amendments to IFRS 13 and IAS 19

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?

GLASS Response:

GLASS agrees because the requirement will allow entities to measure the degree of disaggregation of the information to be disclosed in accordance with their judgment.

An entity will need to disclose additional information if the material risks and uncertainties associated with defined benefit plans affect the primary financial statements and have not been incorporated in the specific disclosure objectives. In this sense, professional judgment will be used to determine the level of disaggregation of the information, so that the financial statements include the information required by their users.

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.

Comment letter of GLASS about
Disclosure Requirements in IFRS Standards—A Pilot Approach - Proposed amendments to IFRS 13 and IAS 19

PROPOSED AMENDMENTS TO IAS 19 *EMPLOYEE BENEFITS* APPLYING THE PROPOSED GUIDANCE

(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.

GLASS Response:

Response to (a)

GLASS agrees because aspects are contemplated that would effectively be relevant for users of financial statements, such as projections of cash flows derived from defined benefit obligations, the uncertainty associated with such obligations, whether the funds provide appropriate coverage, or the correlation of the information disclosed with the primary financial statements, always meeting the requirement to show a reconciliation of the plans during the reporting period.

In accordance with what is described in paragraph BC109, information about the needs of users in the specific disclosure objectives should be based on guiding entities on how to determine the level of disaggregation that will be most useful to users. Therefore, specificity must include the information requirements for entities to determine the appropriate level of aggregation and disaggregation in their disclosures of assets and liabilities related to defined benefit plans.

Response to (b)

GLASS agrees with the proposal, in accordance with what was commented in our response to Question 12 on the level of disaggregation to which management can apply its professional judgment. The proposed specific disclosure objectives would result in the provision of relevant information in financial statements because it encompasses all aspects of interest to users of financial statements.

However, it is observed that they might not be as effective for the elimination of irrelevant information, since this objective is only covered by the general criteria included in paragraph 147B, leaving it to the discretion of the issuer to determine what information is irrelevant. The entity may tend to provide the greatest amount of information available due to the possibility that its criteria could differ from those of regulators and users.

PROPOSED AMENDMENTS TO IAS 19 *EMPLOYEE BENEFITS* APPLYING THE PROPOSED GUIDANCE

Response to (c)

GLASS agrees that the benefits of the specific disclosure objectives would justify the costs of meeting them, since the cost may not be relevant given that the information required is information that the issuing entity should have. It is important to mention that reviewing the disclosure of cash flows related to defined benefit plans could entail a greater effort for auditors, and the consequential increase in audit fees.

Response to (d)

GLASS considers that the comment applies to each specific objective, since it may tend to confuse and be far from helping to reduce uncertainty.

For this reason, the suggested change is to specify or further detail the information to be disclosed, in order to contribute to the adaptation and handling of this information efficiently and effectively.

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?

PROPOSED AMENDMENTS TO IAS 19 *EMPLOYEE BENEFITS* APPLYING THE PROPOSED GUIDANCE

GLASS Response:

Response to (a)

GLASS agrees with requiring disclosure of the elements of the cited paragraphs. The information that allows the disclosures to be related to the primary financial statements helps users of the financial statements to understand the amounts in those statements (paragraph 147 F); the information on projected cash flows of the plans allows projected evaluations (paragraph 147 M); the reconciliation of paragraph 147 V makes it possible to understand the causes of the evolution of the measurement of related assets and liabilities.

The elements proposed in the paragraphs indicated allow users of financial statements to understand the components of the amounts that arise from defined benefit plans during the period in which they are reported in the financial statements and, consequently, improve their analysis.

Response to (b)

GLASS agrees with the proposed items of information that are not mandatory but could allow entities to meet the specific objective of disclosure of defined benefit plans, because contemplating, for example, alternative valuation methods other than those included in IAS 19 would result in a significant effort as entities would have to determine other relevant alternatives for different users and then apply their models and assumptions under such alternatives, making the auditors' review more complex.

The proposed information items describe information that is usually held by issuers of financial statements and that, when proposed as non-mandatory information, guides issuers about the type of information that it could include to meet the proposed objectives. This opening allows reporting information that could be relevant for certain types of entities.

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?

Grupo Latinoamericano de Emisores de Normas de Información Financiera

Group of Latin-american Accounting Standard Setters

Comment letter of GLASS about

Disclosure Requirements in IFRS Standards—A Pilot Approach - Proposed amendments to IFRS 13 and IAS 19

PROPOSED AMENDMENTS TO IAS 19 *EMPLOYEE BENEFITS* APPLYING THE PROPOSED GUIDANCE

GLASS Response:
GLASS agrees that the proposed objective would lead to the provision of useful information that meets the general information needs of users for defined contribution plans. *We understand that the treatment of defined contribution plans is not very complex and does not involve a significant disclosure effort. However, at present there is no direct relationship between the corresponding disclosures and the financial statements, especially the statement of cash flows.*

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?

GLASS Response:
GLASS agrees that these proposals would lead to the provision of useful information that meets the general information needs of users for multi-employer plans and defined benefit plans that share risks between entities under common control. *This is because users are always expected to be interested in understanding the risks faced by the reporting entity arising from these types of plans. An entity must have a clear understanding of the nature and risks associated with its participation in a benefit plan, and therefore information on risk exposure is very important.*

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.

Comment letter of GLASS about

Disclosure Requirements in IFRS Standards—A Pilot Approach - Proposed amendments to IFRS 13 and IAS 19

PROPOSED AMENDMENTS TO IAS 19 *EMPLOYEE BENEFITS* APPLYING THE PROPOSED GUIDANCE

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?

GLASS Response:

GLASS agrees that these proposals would lead to the provision of useful information that meets the general information needs of users on other types of employee benefit plans.

For this type of plan, whose particularities can significantly vary, the approach of overall objectives of information to be disclosed can allow useful information to be provided for users.

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?

GLASS Response:

GLASS recommends that the Board seek a generality in some disclosure requirement paragraphs to avoid the disclosures being considered a "checklist". However, work should be done on the dissemination of the proposed changes to make it clear that these requirements are orientational, that is, those that apply will be used and those that provide relevant information will be added. We believe that this would contribute to facilitating the work of management, in addition to contributing to comparability between entities.

***** END *****