BUSINESSEUROPE

EFRAG
Square de Meeus 35
1000 Brussels
Belgium

17 December 2024

Dear Sir or Madam,

Re: EFRAG Exposure Draft: EFRAG Due Process Procedures for the EFRAG Financial Reporting Activities

BusinessEurope is pleased to have the opportunity to respond to the Exposure Draft: EFRAG Due Process Procedures (DPP) for the EFRAG Financial Reporting Activities (the ED).

BUSINESSEUROPE welcomes the fact that the due process procedures for EFRAG´s financial reporting pillar are to be formalised. We consider that this will enhance the procedures within EFRAG in fulfilling its mandate related to financial reporting.

BUSINESSEUROPE would like to emphasize the importance of considering real-life examples, not only in field-work but in general, and also systematically assessing the impact on preparers. We consider that this will improve the quality of EFRAG's processes overall, and in particular, its proactive work. Please find our detailed comments to the questions raised by EFRAG in the Appendix to this letter.

If you require further information upon these matters, please do not hesitate to contact us.

Yours sincerely,

Erik Berggren
Senior Adviser

APPENDIX

Question 1 Objective and general principles
Currently, a thorough due process is applied for financial reporting, but it is formalised only at a high level in the EFRAG Internal Rules. This document aims to formalise and explain in more detail the due process procedures to be followed by EFRAG when dealing with financial reporting issues.

Does the EFRAG financial reporting due process meet your needs? Is the EFRAG DPP sufficiently clear and contains all information you would expect?

BUSINESSEUROPE considers that the DPP is sufficiently clear and contains all information necessary to have a robust due process in EFRAG for the financial reporting pillar.

Question 2 Public consultation deadlines
Currently EFRAG Internal Rules do not establish a minimum comment period on its consultations. In practice EFRAG´s consultation deadlines depend on the IASB´s consultation deadlines for each project and should normally (but not always) be a little shorter to allow the timely response to the IASB consultation. The EFRAG consultation deadlines also consider that the EFRAG Secretariat has sufficient time to analyse properly the comment letters received. However, EFRAG considered that it was important to establish a minimum comment period of 30 days on its consultations unless there is a need for an accelerated due process. In the latter case, the EFRAG Administrative Board, in its oversight role of due process, will need to provide approval (thus, the comment period can only be reduced to less than 30 calendar days after approval from the EFRAG Administrative Board supported by its DPC).

Do you agree with EFRAG´s proposals in paragraphs 5.6 and 5.7 on public consultation deadlines, including a minimum comment period of 30 days on its consultations?

We agree that a minimum period of 30 days should be mandated in the DPP and that deviations are acceptable if there is a need for an accelerated due process. We support the proposal that the EFRAG Administrative Board need to approve a shorter period than 30 days.

It is stated in paragraph 5.7 that EFRAG aims at having the longest possible comment period for its stakeholders (depending on the specific circumstances and stages of the project); we support this.

BUSINESSEUROPE believes that it would be helpful for stakeholders if EFRAG were to notify them as early as possible the date when a consultation on an issue is expected to start and the expected deadline for comments (even if the dates are tentative).

Question 3 Comment letters received
Currently EFRAG Internal Rules do not provide detailed guidance on the treatment of comment letters received after its deadlines. In practice, the comment letters received after the comment deadline but before the EFRAG FR TEG meeting are included in the EFRAG agenda papers to the extent possible and uploaded on the EFRAG website. The Comment letters that are received after the EFRAG FR TEG (but before EFRAG FRB meeting) are not included in the EFRAG FR TEG advice. These comment letters may be considered by the EFRAG FRB for the purposes of the EFRAG (final) comment letter and (final) endorsement advice (i.e. are considered on a case-by-case basis, considering the timing of submission). However, comment letters received after EFRAG FRB meeting are not considered by the EFRAG FRB. In these cases, it is indicated on the EFRAG website that the comment letter was not considered by the EFRAG FRB. EFRAG decided to formalise this procedure by including it in the EFRAG Financial Reporting DPP.

Do you agree with EFRAG´s proposals in paragraphs 6.7 to 6.11 on comment letters received after EFRAG´s comment deadline?

Many stakeholders have limited resources and have their own internal due processes that must be followed to conclude on a position related to EFRAG´s requests for comments. Therefore, it might sometimes be a challenge for stakeholders to be able to provide comment letters before EFRAG´s deadline. We understand the need for EFRAG to have a structured process in order to finalize its position in due time, but the process must also consider the constraints encountered by stakeholders. BUSINESSEUROPE believes that the draft DPP strikes a reasonable balance between those interests.