
IASB® Meeting

Date **July 2024**
Project **Rate-regulated Activities**
Topic **Due process requirements**
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB® *Update*.

Objective

1. This paper:
 - (a) sets out the steps in the [IFRS Foundation Due Process Handbook](#) (the Handbook) that the IASB has taken to date in developing IFRS X *Regulatory Assets and Regulatory Liabilities* (IFRS X) and asks the IASB to confirm that it is satisfied that all the mandatory due process steps have been taken;
 - (b) requests permission for the staff to begin the balloting process for IFRS X; and
 - (c) asks whether any IASB member intends to dissent from the publication of IFRS X.
2. This paper should be read in conjunction with Agenda Paper 9G *Consideration of the re-exposure criteria*.

Structure of the paper

3. This paper is structured as follows:
 - (a) summary of the due process steps (paragraphs 5–22); and
 - (b) permission to begin the balloting process (paragraphs 23–24).

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4. This paper has three appendices:
- (a) Appendix A—Due process steps;
 - (b) Appendix B—Summary of meetings with IFRS Foundation bodies and consultative groups; and
 - (c) Appendix C—Outreach.

Summary of the due process steps

5. In this section of the paper, we discuss the due process steps undertaken during the Rate-regulated Activities project (the project).
6. The Handbook highlights the following ‘minimum safeguards’ and ‘comply and explain steps’ to issue an IFRS Accounting Standard. This paper refers to ‘minimum safeguards’ as ‘mandatory’ steps and to ‘comply and explain steps’ as ‘optional’ steps.

Minimum safeguards

- 3.43 The Board and the Interpretations Committee are required to follow some steps before they can issue an IFRS Standard or an IFRIC Interpretation. These steps are designed to be the minimum safeguards to ensure the integrity of the standard-setting.
- 3.44 The due process steps that are mandatory include:
- (a) debating any proposals in one or more public meetings;
 - (b) exposing for public comment a draft of any proposed new IFRS Standard, proposed amendment to a Standard or proposed IFRIC Interpretation—with minimum comment periods;
 - (c) considering in a timely manner comment letters received on the proposals;
 - (d) considering whether the proposals should be exposed again;
 - (e) consulting the Accounting Standards Advisory Forum (ASAF) and the IFRS Advisory Council (Advisory Council) on the work plan, major projects, project proposals and work priorities; and

- (f) deciding in a public Board meeting whether to ratify an interpretation.

‘Comply or explain’ steps

3.45 Other steps specified in the Constitution are not mandatory. They include:

- (a) publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed;
- (b) establishing consultative groups or other types of specialist advisory groups for major projects;
- (c) holding public hearings; and
- (d) undertaking fieldwork.

3.46 If the Board decides not to undertake those non-mandatory steps, it informs the DPOC of its decision and reasons for not undertaking the steps.

7. Paragraphs 8–22 indicate how the IASB has met the due process requirements described in paragraph 6. This section should be considered in conjunction with Appendix A of this paper, which provides a detailed account of the due process steps undertaken in developing the new Standard.¹

Discussions in public meetings (mandatory)²

8. Throughout the life of the project, all of the proposals have been discussed by the IASB in public meetings. All staff papers have been posted, meetings recorded and the decisions documented in the relevant section of the project’s [website](#).

¹ The due process steps taken in the development of the Exposure Draft *Regulatory Assets and Regulatory Liabilities* are summarised in [Agenda Paper 9F](#) discussed by the IASB in July 2019. The due process steps taken in the development of the Discussion Paper *Reporting the Financial Effects of Rate Regulation* are summarised in [Agenda Paper 9](#) discussed by the IASB in July 2014.

² Paragraph 3.44(a) of the Handbook.

Due process documents published and comment letters considered in a timely manner (mandatory and optional)³

9. The IASB started a project on rate-regulated activities in 2008, publishing the Exposure Draft [Rate-regulated Activities](#) in 2009. However, the IASB suspended that project in 2010 to focus on other projects on its agenda.
10. After considering feedback from its 2011 Agenda Consultation, the IASB added the project on rate-regulated activities to its agenda in 2012. Table 1 includes information relating to all documents published for public comment since then.

Table 1—Public documents					
Date issued	Name of document	End of comment period	Comment letters	IASB votes and dissents	Comment letter summary considered
Jan 2021	Exposure Draft Regulatory Assets and Regulatory Liabilities	30 July 2021 Comment period: 180 days ⁴	128 ⁵	Approved:10 of 13 Against:1 Abstained: 2	October 2021 (Agenda Papers 9–9H) and November 2021 (Agenda Papers 9–9D)
Sep 2014	Discussion Paper Reporting the Financial Effects of Rate Regulation	15 Jan 2015 Comment period: 120 days	113	Not applicable	February 2015 (Agenda Paper 9)

³ Paragraphs 3.44(b), 3.44(c) and 3.45(a) of the Handbook.

⁴ The original comment period of 150 days was revised due to the Covid-19 pandemic.

⁵ [Agenda Paper 9](#) discussed at the October 2021 IASB meeting stated that 127 comment letters had been received. This is because the staff was made aware of another comment letter after the paper was posted. This comment letter was sent by post and there were delays in processing correspondence. The staff gave oral feedback to the IASB on this comment letter.

Table 1—Public documents					
Date issued	Name of document	End of comment period	Comment letters	IASB votes and dissents	Comment letter summary considered
Mar 2013	Request for Information Rate Regulation	30 May 2013 Comment period: 90 days	80	Not applicable	July 2013 (Agenda Paper 9)

Consideration of whether the proposals should be re-exposed (mandatory)⁶

11. The re-exposure criteria set out in paragraphs 6.25–6.29 in the Handbook have been considered in Agenda Paper 9G of this meeting. In Agenda Paper 9G, we recommend that the IASB finalise IFRS X without re-exposure for another round of public comment.

Consultations with ASAF and IFRS Advisory Council (mandatory)⁷

12. Appendix B includes the number of meetings with the Accounting Standards Advisory Forum (ASAF) and the IFRS Advisory Council since the project started in 2012.
13. The IFRS Advisory Council has been informed of the progress of the project through technical updates on a regular basis.

Publishing a discussion document (optional)⁸

14. In September 2014, the IASB published the Discussion Paper *Reporting the Financial Effects of Rate Regulation* (Discussion Paper). The IASB received a total of 113

⁶ Paragraph 3.44(d) of the Handbook.

⁷ Paragraph 3.44(e) of the Handbook.

⁸ Paragraph 3.45(a) of the Handbook.

comment letters on the Discussion Paper. A summary of comments received was presented to the IASB in February 2015.

Establishing consultative groups (optional)⁹

15. In April 2013, the IASB established a Consultative Group for Rate Regulation (Consultative Group) to gather expert perspectives including those of preparers, auditors, users of financial statements and regulators.
16. IASB members consulted the Consultative Group in 9 meetings between September 2012 and June 2024, to obtain input on key aspects of the model (see Appendix B of this paper).

Holding public hearings (optional)¹⁰

17. The IASB holds public hearings meeting with interested organisations to listen to, and exchange views on, specific topics. Public hearings include round-table meetings and discussion forums.
18. The IASB and its staff have, throughout the process, held a large number of meetings. Some of these meetings were public hearings that included discussion forum and round table meetings. The public hearings were held in December 2014, April 2021, May 2021, June 2021 and July 2021 prior to the start of the IASB's redeliberations of the Exposure Draft. These public meetings were primarily held with preparers, users, auditors, regulators and others to test the proposals and to understand concerns raised by affected parties. Appendix C includes a breakdown of outreach meetings held with different stakeholders at different phases of the project.

⁹ Paragraph 3.45(b) of the Handbook.

¹⁰ Paragraph 3.45(c) of the Handbook.

Undertaking fieldwork (optional)¹¹

19. During the redeliberations in 2022, the IASB tentatively decided to base some accounting requirements on whether there is a direct (no direct) relationship between an entity's regulatory capital base and its property, plant and equipment (the direct (no direct) relationship concept).
20. The staff developed a survey in 2023 to gather input from preparers to assess whether they would be able to operationalise the concept.¹² The staff received 48 completed surveys from 39 respondents in 16 jurisdictions. The staff also contacted—via meetings or email—15 respondents that completed the survey to better understand answers in the survey and to discuss potential effects of the IASB's tentative decisions for entities applying the concept.¹³
21. The staff plans to conduct additional fieldwork in the second half of 2024 to gather further evidence about the likely effects of the final requirements.

Reporting to the Due Process Oversight Committee (DPOC)

22. In accordance with paragraph 2.9 of the Handbook, the DPOC has been informed of the progress of the project on a regular basis. This has included updates at public DPOC meetings. The DPOC will also conduct a due process life-cycle of the development of IFRS X at a future meeting.

Permission to begin the balloting process

23. At this meeting, the IASB will complete the redeliberations needed to finalise IFRS X, including transition and effective date (Agenda Papers 9C–9F of this meeting). As discussed in paragraphs 5–22, we think that:

¹¹ Paragraph 3.45(d) of the Handbook.

¹² [Agenda Paper 9B](#) discussed by the IASB at its meeting in September 2023.

¹³ [Agenda Paper 9A](#) discussed by the IASB at its meeting in October 2023.

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- (a) all of the mandatory steps in the Handbook have been complied with. Also, the IASB has complied with all optional due process steps set out in the Handbook; and
- (b) the proposed requirements in IFRS X are sufficiently developed in response to the feedback and therefore, the staff can proceed to begin the balloting process.
24. Accordingly, we are asking for permission to begin the balloting process. As usual, we will consider the need for future IASB discussion of sweep issues that may arise during the balloting process.

Questions for the IASB

1. Is the IASB satisfied that all the mandatory due process steps have been met in this project?
2. Does the IASB grant the staff permission to begin the balloting process for IFRS X?
3. Do any IASB members intend, at this time, to dissent from IFRS X? If so, on what grounds?

Appendix A—Due process steps

A1. Table 2 shows how the IASB has complied to date with the due process steps required to finalise IFRS X in accordance with the *Due Process Handbook*.¹⁴

Table 2—Due process steps			
Due Process Handbook	Step	Required/ Optional	Actions
Consideration of information gathered during consultation			
3.68	The IASB posts all comment letters received in relation to the Exposure Draft on the project page	Required	<p>The Exposure Draft received 128 comment letters. All comment letters and relevant statistics were posted on the website.</p> <p>The comment letters to the Exposure Draft can be accessed here.</p> <p>The staff’s overall comment letter summary (see Agenda Paper 9 discussed at the October 2021 IASB meeting) and comment letter summaries by topic (see</p>

¹⁴ The due process steps taken in the development of the Exposure Draft *Regulatory Assets and Regulatory Liabilities* are summarised in [Agenda Paper 9F](#) discussed by the IASB in July 2019. The due process steps taken in the development of the Discussion Paper *Reporting the Financial Effects of Rate Regulation* are summarised in [Agenda Paper 9](#) discussed by the IASB in July 2014.

Table 2—Due process steps			
Due Process Handbook	Step	Required/ Optional	Actions
			<p>Agenda Papers 9A–9H discussed at the October 2021 IASB meeting and Agenda Papers 9A–9D discussed at the November 2021 IASB meeting) are available in the relevant section of the project’s website.</p>
3.2–3.13	IASB meetings are held in public, with papers being available for observers. All decisions are made in public sessions	Required	<p>IASB meetings</p> <p>The IASB discussed the project at 61 IASB meetings between September 2012 and June 2024. Thirty nine of those meetings were held prior to publishing the Exposure Draft. All staff papers are posted, meetings were recorded and the decisions documented in the relevant section of the project pages of the IFRS Foundation website.</p> <p>In addition, there is also an IASB podcast that summarises the key points of IASB meetings, including any substantial or important discussions on IFRS X.</p>

Table 2—Due process steps			
Due Process Handbook	Step	Required/ Optional	Actions
			<p>Project website</p> <p>The project page on the IFRS Foundation website contains up-to-date information on the project.</p> <p>DPOC</p> <p>The DPOC has been informed of the progress of the project on a regular basis. Papers that had been posted late were reported to the DPOC together with the reasons for the late posting.</p>
3.44(e)	The IASB consults with ASAF and the IFRS Advisory Council	Required	<p>IASB members and staff provided project updates to and discussed project proposals with ASAF members in 20 meetings between September 2012 and June 2024 (see Appendix B).</p> <p>IASB members discussed the project with the IFRS Advisory Council. The IFRS Advisory Council has received regular updates on the progress of the project (see Appendix B).</p>

Table 2—Due process steps			
Due Process Handbook	Step	Required/Optional	Actions
3.59–3.66	Consultative groups used, if formed	Optional	<p>In April 2013, the IASB established a Consultative Group for Rate Regulation (Consultative Group) to gather expert perspectives including those of preparers, auditors, users of financial statements and regulators.</p> <p>IASB members consulted the Consultative Group in 9 meetings between September 2012 and June 2024, to obtain input on key aspects of the model (see Appendix B).</p> <p>IASB members and staff provided project updates and discussed project proposals with the Capital Markets Advisory Committee (CMAC) in 6 meetings, with the Emerging Economies Group (EEG) in 3 meetings and with the Global Preparers Forum (GPF) in 3 meetings between September 2012 and June 2024 (see Appendix B).</p>

Table 2—Due process steps			
Due Process Handbook	Step	Required/ Optional	Actions
3.76– 3.81	Analysis of likely effects of forthcoming Standard or major amendment, for example, costs or on-going associated costs	Required	<p>Information relating to the potential costs and benefits of IFRS X was included in the Exposure Draft, including questions for stakeholders to provide comments (see question 12 of the Invitation to Comment on the Exposure Draft).</p> <p>During the redeliberations, the staff have met with stakeholders including the Consultative Group, ASAF, preparers and users of financial statements, to understand the effect of the proposals, including the cost of implementing the proposals and the benefits from improved financial reporting (see Appendix C). Feedback from those meetings has been used in the staff analysis and recommendations included in the relevant IASB agenda papers.</p> <p>The IASB will publish an Effects Analysis report when IFRS X is issued.</p>
3.69, 3.75	Outreach meetings to promote debate and hear views on	Optional	Appendix C includes a breakdown of outreach meetings held with different stakeholders at different phases of the project.

Table 2—Due process steps			
Due Process Handbook	Step	Required/ Optional	Actions
	proposals that are published for public comments		
N/A	Email alerts are issued to registered recipients	Optional	Interested parties have been notified when updates to the project website have been made using the News section of the project page and subscriber email alerts.
3.70– 3.74	Fieldwork	Optional	The staff developed a survey in 2023 to gather input from preparers to assess whether they would be able to operationalise (the direct (no direct) relationship concept). ¹⁵ The staff received 48 completed surveys from 39 respondents in 16 jurisdictions. The staff also contacted—via meetings or email—15 respondents that completed the survey to better understand answers in the survey and to

¹⁵ [Agenda Paper 9B](#) discussed by the IASB at its meeting in September 2023.

Table 2—Due process steps			
Due Process Handbook	Step	Required/ Optional	Actions
			<p>discuss potential effects of the IASB’s tentative decisions for entities applying the concept.¹⁶</p> <p>The staff plans to conduct additional fieldwork in the second half of 2024 to gather further evidence about the likely effects of the final requirements.</p>
Finalisation			
2.12	Due process steps are reviewed by the IASB	Required	<p>This table provides an overview of the due process steps followed and will be reviewed by the IASB at this meeting.</p> <p>This paper will also be presented to the DPOC at a future meeting as part of the lifecycle review of the due process for the project.</p>
6.25–6.29	Need for re-exposure of a	Required	The IASB will consider if there is a need to re-expose any of its proposals at this meeting (see Agenda Paper 9G).

¹⁶[Agenda Paper 9A](#) discussed by the IASB at its meeting in October 2023.

Table 2—Due process steps			
Due Process Handbook	Step	Required/ Optional	Actions
	Standard is considered		In Agenda Paper 9G of this meeting we are recommending that the IASB does not re-expose IFRS X for another round of public comment.
6.35– 6.36	The IASB sets an effective date for the Standard, considering the need for effective implementation, generally providing at least 18 months	Required	The IASB will consider transition requirements and the effective date of IFRS X and whether amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> are required at this IASB meeting (see Agenda Papers 9C–9F). We recommend an effective date of 1 January 2029 for IFRS X which will be at least 36 months after the issue of IFRS X. ¹⁷

¹⁷ This assumes IFRS X is issued in the second half of 2025.

Table 2—Due process steps			
Due Process Handbook	Step	Required/Optional	Actions
Drafting			
3.28, 3.31–3.33	Drafting quality assurance steps are adequate	Required	<p>This step will be completed towards the end of the project.</p> <p>The Translation team, Editorial team and the Taxonomy team will be involved in the review process. We intend to send a draft of IFRS X to external parties for review before finalisation. This process allows external parties to review and report back to the staff on the clarity and understandability of the draft, mainly with editorial comments.</p> <p>The IFRS Accounting Taxonomy for IFRS X is expected to be available 12 months after the publication of IFRS X.</p>
Publication			
6.37	Press release to announce final Standard	Required	This step will be completed towards the end of the project.

Table 2—Due process steps			
Due Process Handbook	Step	Required/ Optional	Actions
6.38	A Feedback Statement is provided which provides high level executive summaries of the Standard and explains how the IASB has responded to the comments received	Required	This step will be completed towards the end of the project.
6.38	Podcast to provide interested parties	Optional	This step will be considered towards the end of the project.

Table 2—Due process steps			
Due Process Handbook	Step	Required/ Optional	Actions
	with high level updates or other useful information about the Standard.		
N/A	Standard is published	Required	This step will be completed towards the end of the project.

Appendix B—Summary of meetings with IFRS Foundation bodies and consultative groups

B1. Table 3 includes the number of the meetings with IFRS Foundation bodies and consultative groups up to June 2024 and expected to take place up to the publication of IFRS X.

Description	Prior to the publication of the Exposure Draft¹⁸	Post publication of the Exposure Draft up to posting of this paper	Expected up to publication of IFRS X	Total
Accounting Standards Advisory Forum (ASAF)	14	6	2 ¹⁹	22
Consultative Group for Rate Regulation	4	5	1 ²⁰	10
Capital Markets Advisory Committee (CMAC)	5	1	1 ²¹	7
Emerging Economies Group (EEG)	2	1	1 ²²	4

¹⁸ Information about meetings held before the publication of the Exposure Draft can be found in [Agenda Paper 9F](#) and [Agenda Paper 9](#) discussed by the IASB at its July 2019 and October 2021 meetings.

¹⁹ We expect to have a meeting with ASAF members in September 2024 to discuss the IASB's tentative decisions from January 2024–July 2024 and another meeting to discuss the effect analysis.

²⁰ We expect to have a meeting with the Consultative Group for Rate Regulation to discuss the effect analysis.

²¹ We expect to have a meeting with CMAC members to provide them with an overview of IFRS X.

²² We expect to have a meeting with EEG members to provide them with an overview of IFRS X.

Table 3—Number of meetings with IFRS Foundation bodies and consultative groups

Description	Prior to the publication of the Exposure Draft¹⁸	Post publication of the Exposure Draft up to posting of this paper	Expected up to publication of IFRS X	Total
Global Preparers Forum (GPF)	2	1	-	3
IFRS Advisory Council	1	-	-	1
Total	28	14	5	47

Appendix C—Outreach

Table 4—Number of outreach meetings			
Description	Prior to redeliberations of the Exposure Draft²³	Redeliberations of the Exposure Draft up to posting of this paper²⁴	Total
Users	10	16	26
Other stakeholders	44	128	172
Conferences	6	-	6
Webinars	-	7	7
Discussion forums/ roundtables	8	-	8
Total	68	151	219

²³ Information about meetings held before the publication of the Exposure Draft can be found in [Agenda Paper 9F](#) discussed by the IASB at its July 2019. Information about meetings held during the comment period of the Exposure Draft can be found in [Agenda Paper 9](#) discussed by the IASB at its October 2021 meeting.

²⁴ The meetings took place between September 2021 to June 2024.