

Mr Steven Maijoor  
Chair, Due Process Oversight Committee  
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E14 4HD

28 March 2025

Dear Mr Maijoor

**Exposure Draft: *Proposed Amendments to the IFRS Foundation Due Process Handbook***

1. The UK Endorsement Board (UKEB) is the UK's National Standard Setter (NSS) for IFRS Accounting Standards and is, therefore, responsible for the endorsement and adoption of IFRS Accounting Standards, for use in the UK. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations. This letter is intended to contribute to the Foundation's due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended international accounting standards undertaken by the UKEB.
2. There are currently approximately 1,400 entities with equity listed on the London Stock Exchange that prepare their financial statements in accordance with IFRS.<sup>1</sup> In addition, UK law allows unlisted companies the option to use IFRS and approximately 14,000 such companies currently take up this option.<sup>2</sup>
3. We welcome the opportunity to provide comments on the IFRS Foundation Trustees' Exposure Draft: *Proposed Amendments to the IFRS Foundation Due Process Handbook* (the Handbook). In developing this letter, we have consulted with stakeholders in the UK, including preparers, accounting firms and institutes, and users of accounts. However, as the content of the Handbook directly impacts how the UKEB carries out its own statutory duties, this letter, primarily, represents the Board's view. A brief summary of our main observations and

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<sup>1</sup> UKEB calculation based on LSEG and Eikon data, December 2024. This calculation includes companies listed on the Main market as well as on the Alternative Investment Market (AIM).

<sup>2</sup> UKEB estimate based on FAME, Company Watch and other proprietary data.

recommendations is set out below. For our full comments, in response to the questions raised in the Exposure Draft (ED), please refer to Appendix A.

4. We also encourage you to read our letter alongside letters from the UK Government's Department for Business and Trade (DBT) and the UK Financial Reporting Council (FRC), which provide responses based on their areas of responsibility and expertise.

## Overarching comments

5. The UKEB fully supports the work of the IFRS Foundation and welcomes the proposed amendments to the Handbook, as the standard setting 'manual' for the two boards. It is essential that any organisation which sets mandatory standards in the public interest has clear and transparent due process, for the development of those standards, and for engagement with relevant stakeholders. We consider that the three principles (transparency, full and fair consultation, and accountability) build trust and global acceptance of IFRS Standards. They also ensure that the Standards published by the two boards bring better information to the capital markets. The Handbook is key to delivering this objective.
6. The Standards produced by the IASB have, in effect, become a global language, used by companies to produce the financial statements which investors rely on when making their investment decisions. Similarly, while jurisdictions are only just moving towards mandating use of the ISSB Standards, they are designed to inform economic and investment decisions. Therefore, applying full due process to both sets of Standards, throughout their development, fosters their continued relevance for international investment flows, capital allocation and wider investor decision-making. This enables the Standards to support economic progress and growth, across jurisdictions, in the long-term public good.

## Connectivity

7. The UKEB is broadly supportive of the proposals in the Handbook to formalise connectivity between the boards and their respective sets of standards.
8. As highlighted in the joint National Standard Setters letter<sup>3</sup> to the ISSB on its Agenda Consultation, we consider that maintaining close alignment and connectivity between financial and sustainability reporting is paramount to ensuring that the information produced for investors is compatible and comparable.
9. The objective for the two boards to "*develop complementary sets of IFRS Standards*" (the Constitution, section 2), which is proposed for inclusion at

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<sup>3</sup> [National Standard Setters Sustainability Forum Joint Letter](#) paragraphs 4 – 9

paragraph 1.1, may lead to standards which do not conflict with each other. However, to achieve connectivity in areas where there may be overlap between the two sets of standards, we believe that the Due Process Handbook should go further. The UKEB proposes that the objective should instead be for the boards to “develop IFRS Standards that connect, where appropriate”.

10. We also consider that there are opportunities to strengthen the approach to connectivity throughout the standard-setting process. The UKEB recommends, for example, that paragraph 4.10 of the proposed amended Handbook ensures that when a board develops its work plan it considers opportunities for connections with the other board’s work. The wording should be amended from “may” be considered, to “shall” be considered, in the context of potential opportunities and also for compatibility, and the identification and mitigation of potential inconsistencies and conflicts.
11. The Handbook should also include a requirement for the opportunities and risks relating to connectivity to be considered at the start of the standard setting process and to be monitored, periodically, during a board’s deliberations on a project. For more detail, please refer to paragraphs A1 to A6 in the Appendix.

## SASB Standards

12. The three principles (transparency, full and fair consultation, and accountability) applicable to full IFRS Standards should be similarly applicable to any related guidance. The status of the SASB standards is currently unclear to stakeholders. For the SASB standards and the SASB standards taxonomy to become internationally applicable their development and internationalisation should also be subject to the usual due process steps applied to IFRS Standards.
13. The UKEB urges the Foundation to ensure that the SASB standards and the SASB standards taxonomy adhere to the proposed new requirement, at paragraph 6.6 of the amended Handbook, which specifies that materials from other standard-setting bodies which “*might have been subject to consultative procedures during their development*” still require “*the board to apply the Foundation’s due process to any proposed requirements incorporating such material*”. If the long-term intent is for the SASB standards to be required, or in effect required, the due process for adapting and finalising them should reflect that intent, rather than their current, voluntary, status. However, if they are simply intended to be educational material, then references in the DPH should be duly amended to provide clarity and transparency to stakeholders.
14. Annex B to the Handbook proposes that the SASB Standards Board Adviser Group (the Group), consisting of three to five ISSB members, develops EDs of amendments for ratification by the full ISSB board. The papers discussed by this group, and the minutes of those meetings, are not made public. Although paragraphs B5 and B6 state that “*a technical staff paper summarising the steps*

*that have been taken in developing* the ED or the amendments will be provided to the board, the process is still opaque. For the development and ratification of the SASB standards to meet the criteria of public accountability, the process for technical decisions should also be transparent. This includes the standards being discussed by the ISSB at public meetings, with the papers for those meetings being publicly available, so that all stakeholders have equal access and the rationale for the positions taken is fully transparent.

15. We also recommend that a transparent process is followed for appointing members to committees or groups involved in the development of SASB Standards, and for the membership of those committees and groups to be globally representative. For more detail, please refer to paragraphs A7 to A12 in the Appendix.

## Post-implementation Reviews (PIRs)

16. We note that the requirements for PIRs were not substantively amended in the 2020 update as, at that time, the IASB had only conducted three such reviews. The proposed amended requirements reflect their development.
17. PIRs should be focused on whether a Standard has met the intended objective and whether the cost benefit analysis conducted was accurate. We, therefore, welcome the addition of text<sup>4</sup>, to explicitly state that the objective of a PIR *"is to assess whether the effects of applying a Standard are as intended when the new requirements were developed"* and that the *"basis for such an assessment is the effects analysis of the likely benefits and initial ongoing costs arising from the new requirements that a board publishes when it issues new requirements"*. In line with this approach, we recommend that the Handbook specifies that implementation and interpretation issues should be reserved for consideration by a Transition Resource Group (TRG) or by IFRIC, as relevant.
18. We also recommend that the Foundation gives further consideration to the proposed timing of PIRs. There needs to be a backstop period by when the PIR must be completed to ensure that the objectives of standard setting have been achieved. Furthermore, some NSS, such as the UKEB, are legally required to carry out a review of the impact of the adoption of any significant standard. In the UK, a report setting out the conclusions of the reviews must be published within five years of the date on which the standard takes effect. Other NSS may have similar legal obligations. If the proposed amendments to the Handbook mean that the IASB defers carrying out PIRs on new Standards or major amendments, the UKEB would still be obliged, by law, to carry out its own PIR. A backstop would ensure

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<sup>4</sup> Paragraph 6.50 of the proposed Amended Due Process Handbook

that the PIRs are not deferred indefinitely by the boards. For more detail, please refer to paragraphs A15 to A19 in the Appendix.

## Comment Periods

19. The Foundation's due process must allow sufficient time for stakeholders to provide their views and input into its work. In particular, that means ensuring that NSS, which aim to represent a balanced and independent perspective of the relevant stakeholders within their jurisdiction, are given time to follow their own due process steps. NSS must have the ability to work within the schedule of their own meetings, which often follow a pattern of monthly meetings, aligned with the meeting pattern for the IFRS Foundations' two boards. Setting consultation deadlines for the first of the month following the actual 90- or 120-day timeline would normally allow NSS to get their final comment letters approved at their own board meetings.
20. In addition, to ensure that stakeholders are able to fully consider the content of a consultation and respond to it appropriately, the boards should consider the timing and length of their consultations. For example, taking particularly busy periods into consideration (e.g. December<sup>5</sup>) when setting the length of a consultation; and, issuing exposure drafts for periods in excess of 120 days for complex new standards or major amendments with wide-ranging impacts, which may benefit from field testing being carried out across jurisdictions. For more detail, please refer to paragraphs A28 to A32 in the Appendix.

## Impact Assessments

21. The proposed amended Handbook includes several amendments which broaden the scope of economic assessment.<sup>6</sup> The UKEB welcomes these enhancements to the requirements. However, we consider that further amendments could be made in this area, and our proposals are summarised in Appendix B to this letter.

Further detail, in relation to the Board's views set out above, is provided in the response to the questions set out in the Exposure Draft.

If you have any questions, please do not hesitate to contact the project team at [UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk).

Yours sincerely

**Pauline Wallace**  
**Chair, UK Endorsement Board**

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<sup>5</sup> Over 50% of UK listed entities have a December year-end. It is also the most common year-end in Canada (54%) and the EU (De, Esp, Ita, Fra) (88.9%)

<sup>6</sup> Paragraphs 4.12, 6.50 and 6.62

# Appendix A: Exposure Draft *Proposed Amendments to the IFRS Foundation Due Process Handbook*

## Question 1 – Reflecting the creation of the ISSB in the *Handbook*

Do you agree with how the DPOC proposes to reflect the creation of, and the due process for, the ISSB in the *Handbook*?

### Connectivity

- A1. The UKEB is broadly supportive of the proposals to formalise connectivity between the boards and their respective sets of standards.
- A2. As highlighted in the joint NSS letter to the ISSB on its Agenda Consultation, we consider that maintaining close alignment and connectivity between financial and sustainability reporting is paramount to ensuring that the information produced for investors is compatible and comparable.
- A3. The objective for the two boards to “*develop complementary sets of IFRS Standards*” (the Constitution, section 2), which is proposed for inclusion at paragraph 1.1, will lead to standards which do not conflict with each other. However, to achieve connectivity in areas where there may be overlap between the two sets of standards, we believe that the Due Process Handbook should go further. The UKEB proposes that the objective should instead be for the boards to “develop IFRS Standards that connect, where appropriate”.
- A4. We also consider that there are opportunities to strengthen the approach to connectivity throughout the standard-setting process. The UKEB recommends, for example, that paragraph 4.10 of the proposed amended Handbook ensures that when a board develops its work plan it considers opportunities for connections with the other board’s work. The wording should be amended from “may” be considered, to “shall” be considered, in the context of potential opportunities and also for compatibility, and the identification and mitigation of potential inconsistencies and conflicts.
- A5. A further example is that paragraph 6.25 proposes that the steps taken to develop Standards, compatible with the other board’s Standards, are summarised by the technical staff at the end of a standard-setting project. While this is a helpful addition, we suggest that the Handbook includes a requirement for the

opportunities and risks relating to connectivity to be considered at the start of the standard setting process and to be monitored, periodically, during a board's deliberations on a project.

- A6. UK stakeholders have also advised that, in practice, sustainability disclosures are also being prepared by finance departments now, leveraging their experience with control environments, external reporting and engagement with auditors. To avoid consultation fatigue, or disjointed approaches from the two boards, we are of the view that connectivity and co-ordination between the boards is critical.

## SASB Standards

- A7. The three principles (transparency, full and fair consultation, and accountability) applicable to full IFRS Standards should be similarly applicable to any related guidance. The status of the SASB standards is unclear. For the SASB standards and the SASB standards taxonomy to become internationally applicable requirements, their development and internationalisation should also be subject to the usual due process steps applied to IFRS Standards.
- A8. While the SASB sector-specific requirements are currently voluntary, IFRS S1 requires that entities applying that standard "*shall refer to and consider*" SASB standards for sustainability-related risks and disclosures. It is also unclear whether they may be incorporated into the body of IFRS Standards, as mandatory requirements, at some point in the future.
- A9. This would align with the proposed new requirement, at paragraph 6.6 of the amended Handbook, which specifies that materials from other standard-setting bodies which "*might have been subject to consultative procedures during their development*" still require "*the board to apply the Foundation's due process to any proposed requirements incorporating such material*". If the long-term intent is for the SASB standards to be required, or in effect required, the due process for adapting and finalising them should reflect that intent, rather than their current voluntary status. However, if they are simply intended to be educational material, then references in the DPH should be duly amended to provide clarity and transparency to stakeholders.
- A10. Annex B to the Handbook proposes that the SASB Standards Board Adviser Group (the Group), consisting of three to five ISSB members, develops EDs of amendments for ratification by the full ISSB board. The papers discussed by this group, and the minutes of those meetings, are not made public. Although paragraphs B5 and B6 state that "*a staff paper summarising the steps that have been taken in developing*" the ED or the amendments will be provided to the board, the process is still opaque. For the development and ratification of the SASB standards to meet the criteria of public accountability, the process for technical decisions should also be transparent. This includes the standards being discussed by the ISSB at public meetings, with the papers for those meetings



being publicly available, so that all stakeholders have equal access and the rationale for the positions taken is fully transparent.

- A11. We also recommend that a transparent process is followed for appointing members to committees or groups involved in the development of SASB standards, and for the membership of those committees and groups to be globally representative.
- A12. The UKEB further recommends that the Handbook clarifies:
- a) whether the Sustainability Standards Advisory Forum (SSAF) should be consulted regarding the international applicability of the SASB standards and SASB standards taxonomy, and whether they will be consulted on future amendments;
  - b) how the full board of the ISSB will engage with the development of and amendments to the SASB standards, beyond the ratification process;
  - c) whether the ISSB intends to carry out an impact assessment in relation to use of the sector-specific standards;
  - d) whether the SASB standards will be subject to the post-implementation review process; and
  - e) what the process will be for responding to questions regarding their interpretation.

### **Interpretations Committee – sustainability reporting**

- A13. The Exposure Draft confirms that the Interpretations Committee only relates to the IASB and IFRS Accounting Standards. However, the ISSB's Transition Implementation Group (TIG) is not equivalent to the IASB's Interpretations Committee and is only a transitional group.
- A14. The UKEB considers that it would be helpful if the IFRS Foundation confirmed whether an Interpretations Committee will be established to consider questions relating to the interpretation of sustainability disclosure standards. How IFRIC and the TIG/future ISSB Interpretations Committee propose considering issues relating to connectivity should also be clarified.



## Question 2 – Enhancements and clarifications

Do you agree with the proposed enhancements and clarifications to the *Handbook*?

### Post-implementation reviews (PIRs)

- A15. We note that the requirements for PIRs were not substantively amended in the 2020 update as, at that time, the IASB had only conducted three such reviews. The proposed amended requirements reflect their development.
- A16. PIRs should be focused on whether a Standard has met the intended objective and whether the cost benefit analysis conducted was accurate. We, therefore, welcome the addition of text<sup>7</sup>, to explicitly state that the objective of a PIR *“is to assess whether the effects of applying a Standard... are as intended when the new requirements were developed”* and that the *“basis for such an assessment is the effects analysis of the likely benefits and initial ongoing costs arising from the new requirements that a board publishes when it issues new requirements”*. In line with this approach, we recommend that the Handbook specifies that implementation and interpretation issues should be reserved for consideration by a Transition Resource Group (TRG) or by IFRIC, as relevant.
- A17. We also recommend that the Foundation gives further consideration to the proposed timing of PIRs. There needs to be a backstop period by when the PIR must be completed to ensure that the objectives of standard setting have been achieved. Furthermore, some NSS, such as the UKEB, are legally required to carry out a review of the impact of the adoption of any significant standard. In the UK, a report setting out the conclusions of the reviews must be published within five years of the date on which the standard takes effect. Other NSS may have similar legal obligations. If the proposed amendments to the Handbook mean that the IASB defers carrying out PIRs on new Standards or major amendments, the UKEB would still be obliged, by law, to carry out its own PIR. A backstop would ensure that the PIRs are not deferred indefinitely by the boards.
- A18. We note that the Basis of Conclusions for a new or amended Standard explains how the board arrived at its decisions during the development of the Standards, but it does not set out the expected consequences of those requirements. It is questionable whether a board could really understand the intended effects before issuing a standard, especially as a full effects analysis is not part of the due process.

<sup>7</sup> Paragraph 6.50 of the proposed Amended Due Process Handbook

- A19. In addition, UK stakeholders advise that there is not much appetite for change when PIRs are carried out at a much later stage as systems have been implemented and practice has settled. As set out in our Comment Letter, the UKEB recommends that Transition Resource Groups (TRG), such as the one set up for IFRS 15 *Revenue from Contracts with Customers*, could be set up for major projects to monitor international implementation issues and provide a more agile process for addressing them at an early stage, before excessive implementation costs have been absorbed by preparers.

## Interpretations Committee (IFRIC)

- A20. The Interpretations Committee is required, at paragraph 5.17, to consider four criteria when assessing the need for a standard-setting project. Criterion a) specifies "*the matter has widespread effect*". The ED proposes the following clarification: "*that is, the circumstance or transaction is prevalent and there is diversity in the application of IFRS Accounting Standards*". The UKEB suggests that it would be helpful if "prevalence" was defined e.g. by reference to the number and size of entities, relevant sizes of jurisdictional capital markets, etc).
- A21. Currently, the Interpretations Committee can only decide to proceed with a standard setting project if, inter alia, "*the principles and requirements in the Standards do not provide an adequate basis for an entity to determine the required accounting*". This does not allow for the possibility that, after implementation, the required accounting is leading to unintended or poor accounting outcomes (albeit the standard is clear). The UKEB recommends that IFRIC should have the ability to recommend standard setting in those circumstances.
- A22. The UKEB also recommends that the Handbook sets out the due process for the treatment of the withdrawal of, or amendment to, IFRIC Agenda Decisions and Interpretations relating to superseded Standards and requirements (e.g. the due process for Agenda Decisions relating to IAS 1 which remain relevant, either wholly or in part, to the content of IFRS 18).

## Surveys

- A23. The UKEB notes that paragraph 3.68 of the proposed amended Handbook adds provision for the boards to offer stakeholders the opportunity to respond to formal consultations by completing a survey. Whilst the addition of the option for stakeholders to respond to a formal consultation via a survey may be helpful, the UKEB recommends that it should only ever be used as a supplementary option to responding via a Comment Letter.
- A24. Comment Letters enable stakeholders to provide an explanation of the rationale for their views. This cannot be effectively achieved through a survey. Therefore, the boards may find that the use of surveys negatively impacts the assessment of proposals and how stakeholder views are conveyed e.g. they may receive an

artificially narrowed range of responses, binary answers (if closed questions are asked), and the boards could experience difficulties in effectively interpreting the results. In addition, the publication of Comment Letters provides a level of transparency which may be lacking in survey data if it is not available for public consideration.

- A25. As the UK's NSS, the UKEB would also like to highlight that the survey format is problematic for standard setters, as well as membership bodies, as the questions may only be visible as a respondent proceeds through the survey (e.g. checking a particular response brings up relevant supplementary questions). This makes it difficult for organisations, such as standard setters and membership bodies, to consult with their own stakeholders (investors, preparers, accounting firms, auditors etc) on the full extent of the consultation, when formulating their own views in the response.

### Re-exposure Criteria

- A26. The UKEB recommends that the IASB carefully considers the requirements regarding re-exposure. The current amendments do not include consultation with stakeholders on whether re-exposure is appropriate. Further, the UKEB recommends that paragraph 6.30 also requires the board to consider stakeholder feedback, including from consultative groups and target consultations, before making a final decision on re-exposure.

### Work plan

- A27. The UKEB recommends that workplan consultations reflect the boards' formal and public assessment of the connectivity of the projects, proposed to be included on the agenda.

### Comment periods

- A28. The Foundation's due process must allow sufficient time for stakeholders to provide their views and input into its work. In particular, that means ensuring that NSS, which aim to represent a balanced and independent perspective of the relevant stakeholders within their jurisdiction, are given time to follow their own due process steps.
- A29. NSS provide an important link between the IASB and the stakeholders of the NSS' respective jurisdiction. The ability to engage with stakeholders, gather comprehensive feedback, and also weigh up competing interests within a jurisdiction, bring significant legitimacy to the standard setting process. Accordingly, NSS must have the ability to work within the schedule of their own meetings, which often follow a pattern of monthly meetings, aligned with the meeting pattern for the IFRS Foundation's two boards. Setting consultation deadlines for the first of the month following the actual 90- or 120-day timeline

would normally allow NSS to get their final comment letters approved at their own board meetings.

- A30. In addition, to ensure that stakeholders are able to fully consider the content of a consultation and respond to it appropriately, the boards should consider the timing and length of their consultations.
- A31. In relation to timing, December is a popular year-end for listed companies (over 50% of UK listed entities have a December year-end<sup>8</sup>), and it is a holiday period in many jurisdictions (in both hemispheres). While the boards should not be prevented from issuing consultations at the end of the year, the UKEB suggests that consideration should be given to the length of the consultation and the outreach engaged in during this period.
- A32. In relation to the length of consultations, the UKEB also recommends that consideration should be given to enabling boards to issue exposure drafts for significantly longer periods than the standard 120 days. For example, exposure drafts of complex new standards or major amendments with wide ranging impacts, which may benefit from field-testing being carried out across jurisdictions.

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<sup>8</sup> December is also the most common year-end in Canada (54%) and the EU (De, Esp, Ita, Fra) (88.9%)

## Appendix B: Impact Assessments

- B1. Further consideration may need to be given to how the two boards analyse the likely costs and benefits (“effects”) of new requirements on affected parties, as well as associated wider economic effects. We include some suggested amendments below. These are specific to IFRS Accounting Standards as the UKEB is the national standard-setter for those standards. However, we recognise that the Handbook would need to ensure that sustainability related examples are also incorporated.

### Standard-setting bodies

- B2. Paragraph 3.53 of the proposed amended Handbook could be further enhanced. For example, by adding that “*The boards acknowledge that some jurisdictions have legal requirements to assess the economic effects of new standards. Considerations on the economic effects are included at all stages of a standard project to allow early adoption in all jurisdictions, with the intent to foster comparability of general-purpose financial reporting.*”

### Effects analysis

- B3. In describing how the two boards fulfil their Public Accountability duty, the proposed amended Handbook caters for an assessment of costs and benefits associated with new IFRS standards or amendments (paragraphs 3.77-3.82 Effects Analysis).
- B4. Economic effects are considered at all stages of the standard-setting process.<sup>1</sup> However, the economic assessments conducted by the IASB have been limited in scope, and tend mainly to be qualitative in nature.
- B5. We would suggest the DPH can be amended to support decision-making about economic assessments with more analysis. For example, paragraphs 3.77-3.82 could embed economic concepts more explicitly, by:
- i. Recommending quantification or monetisation of costs, benefits and other economic effects when feasible and proportionate.
  - ii. Prescribing that the analysis should focus on *incremental* costs and benefits associated with the adoption of a standard or amendment.
  - iii. Requiring the identification of a status quo situation to compare incremental costs/benefits against a “counterfactual”.

- iv. Considering both one-off and ongoing costs and benefits, specifying the length of the appraisal period and introducing guidance on discount rates to be used.
- v. Considering the risk for stakeholders to incur *sunk costs* as a result of the standard-setting process.
- vi. Requiring a discussion of the economic consequences of alternative standard-setting options for earlier-stage projects, including the consequences of maintaining the status quo (a point touched upon in paragraph 3.78).
- vii. Explicitly noting, in paragraph 3.80, the cost categories most likely to be incurred when adopting a standard, e.g., familiarisation, system changes, audit etc.
- viii. Referencing wider economic effects more explicitly, at paragraph 3.81, differentiating between capital market, microeconomic and macroeconomic effects, and considering the wider economic effects over the long-term.

### Economic assessment at different stages of the standard setting process

- B6. We agree that the Handbook could require a proportionate assessment of economic effects throughout the standard setting process cycle, in line with paragraphs 3.77-3.82. It could further cater for the specificities of the different stages of the standard-setting processes:
- a) **Research projects:** Paragraphs 4.8-4.12 could require a proportionate assessment of the likely effects associated with alternative options which address the financial reporting problems under consideration, including a “do nothing” option.
  - b) **Standard-setting projects:** Paragraphs 5.4-5.7 could require a proportionate assessment of the likely effects associated with alternative standard-setting options within the context of the project under consideration. For example, within the context of a project that broadens recognition criteria, the IASB could compare the economic consequences of a principles-based project (i.e. setting up recognition criteria that apply in all circumstances), a rules-based model (i.e. a taxonomy of assets that can be recognised), and a principles-based project supported by rules (e.g. bans for specific items).
  - c) **Exposure draft stage:** Paragraphs 6.4-6.10 could require a proportionate assessment of the likely effects associated with alternative requirements within the chosen standard setting option. For example, within the context of a project that broadens recognition criteria but sets up bans on

individual asset types, the IASB could compare the economic consequences of different sets of bans.

- B7. The Handbook could indicate that, when reviewing evidence at the different stages of the standard-setting process, the boards will explicitly consider both financial reporting and long-term economic consequences in their decision making.