

Dear Mr Drummond

The Chair of LAPFF will be attending the UKEB meeting on Monday, as a representative of the largest holders of UK equities, that is clearly a significant interest in the outcome of the UKEB's work.

The following needs to be considered with urgency. The lateness of this request is not a discourtesy, it is an unfortunate result of the UKEB not following proper process.

PART A

We became aware of an opinion from Michael Todd QC and Mr Jack Rivett which was signed on 11 April 2022 and then appears on a "true and fair view" page on the UKEB website with links to 6 other opinions: being two each from Hoffman QC/Arden QC, Moore QC, and Bompas QC.

We see no reference to either the seeking of that new opinion nor the consideration of it - having obtained it - in UKEB agendas or minutes, and that includes the agenda and papers for the subsequent meeting 21 April 2022 and the forthcoming one 9th May 2022.

Nor did reference to it appear in UKEB email alerts, which are usually plentiful, nor the UKEB news page. We found it by accident.

It would therefore follow there has been no public discussion of either Todd/Rivett or the other 6 opinions that now appear on the UKEB website, despite the Todd/Rivett opinion making some clear recommendations that the UKEB must consider.

The opinion immediately prior to that of Todd/Rivett is that of Mr Bompas (2015), which hasn't been challenged to our knowledge. Further, Todd/Rivett refers to Mr Bompas' opinion, but doesn't challenge example Mr Bompas' conclusions in paras 25 and 26. Those conclusions are relevant for endorsement purposes.

The BEIS terms of reference make clear that technical matters must be discussed by the UKEB in public, and where they are discussed in private that should be made public.

There are therefore several anomalies here that do not demonstrate due process.

We would therefore offer that **the UKEB can't proceed to a vote on the endorsement of IFRS 17 on the 9th May**, firstly as the UKEB itself hasn't demonstrated due process, which would also reach to the consultations lacking the extremely relevant matter of the Todd/Rivett opinion of 11th April 2022 and those which accompany it on the UKEB's website.

Added to all of that, the UKEB doesn't have a due process handbook. As the consultation on that is [open until the 23 May](#), then there isn't a due process handbook until at least the end of that consultation period.

PART B

We also set out some examples of material gaps in what the UKEB has done, and in some cases, by reference to Todd/Rivett, absolute errors and omissions.

LAPFF has made the point several times that the UKEB hasn't demonstrated consideration of the endorsement criteria in the setting that the endorsement criteria sits, being the Companies Act 2006, and associated case law/common law.

The Todd/Rivett opinion would seem to require that too. Para 44 of that opinion states that "*statutory provisions*" should be considered in "*the context in which the provisions*" appear. Todd/Rivett sets out the criteria in 7(1)(a) "true and fair view" (secondary legislation) is the same as in s393 CA 2006 (the primary legislation).

It is not contested that the provisions of s7(1)(a) and all of the others in the 2019 Regulation (relevance reliability etc) appear in the context of the 2019 Regulation and the Companies Act (and in some cases the FSMA requirements for prospectuses where Companies Act accounts are included in a prospectus).

There is no evidence that the UKEB has done any assessment for IFRS 17 in that context.

Instead the UKEB seem to be drawing context from EU adopted IFRS (and even the Framework which the EU didn't actually endorse and adopt). Post Brexit the IFRS standards brought forward from EU legislation now sit in a "tertiary" form, (i.e. neither primary nor secondary legislation). It is therefore wrong - indeed circular - to be looking for the authoritative definition of something in a "tertiary" instrument being endorsed when the correct context is from the 2019 Regulation and the Companies Act (and in some cases the FSMA requirements for prospectuses where Companies Act accounts are included in a prospectus).

Added to that, insurance company accounts are referred to in s843 Companies Act 2006, which supports s836 Companies Act 2006, we see no consideration of that having been done by the UKEB.

It is also clear from the Todd/Rivett opinion that the matters the 7(1)(a) true and fair view test is applied to is the "*asset, liabilities, financial position and profit or loss*". The UKEB's works has been openly dependent on the assumption could be "*the accounts as whole*" and "*including disclosure*".

Todd/Rivett is also clear that the UKEB must assess whether the circumstances to apply a true and fair override would need to be "extremely rare" (41) para . However, the UKEB, has taken an approach which "outsourced" the true and fair requirement to the directors, hence the use of the override would not be "extremely rare" it would be a necessity. Todd/Rivett (para 52 concludes that the UKEB can't outsource to directors).

Conclusion

We would therefore also offer that the UKEB can't proceed to a vote on the endorsement of IFRS 17 on the 9th May, firstly as the UKEB itself hasn't demonstrated due process, but secondly, there are clear errors and omissions in the technical assessments.

Please note, in the interest of transparency this request will be made public – as will any response, or lack of. A word copy of this is attached – and permission is given for you to publish it.

Yours sincerely

Tim Bush

PIRC Limited

Research & Engagement Partner LAPF Forum

8.02 Exchange Tower

London E14 9GE

Regulated by the Financial Conduct Authority