

Submitted electronically via **www.ifrs.org** website

10 May 2021

Dear Sir / Madam,

Feedback in response to Request for Information by the International Accounting Standards Board on Post-implementation review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to respond to **Request for Information on Post-implementation review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities** (Request document) issued by the International Accounting Standards Board (the IASB or the Board).

In this letter we would like to convey our views with respect to some of the issues preliminarily identified by the IASB within IFRS 10 and IFRS 12.

With regard to IFRS 10, AFME fully recognises that applying the requirements of IFRS 10 involves significant judgement and that reaching a conclusion can prove challenging in certain situations. However, being able to apply judgement is a pivotal element of the Standard, enabling its flexibility and broad application. We note that, since the release of IFRS 10 in May 2011, firms have established consistent policies and practices to facilitate its application. Such policies and practices generally work well and do not require fundamental changes to the IFRS framework. We would therefore support the IASB maintaining the standard in its current form.

In respect of IFRS 12, we think that that further expansion of disclosure requirements is not necessary in order for the standard to adequately address its core objective¹. In fact, we tend to agree with the group of stakeholders that found some disclosure requirements excessive. In particular, we consider the disclosures in relation to interests in unconsolidated structured entities noted in paragraphs 26, 27 and 29 of IFRS 12 to be quite onerous, such that the cost of preparing such disclosures might well outweigh the benefits to users. We further think that, even if some of those requirements were necessary during the period following the Global Financial Crisis of 2007-2008, they may be less relevant in present times. In relation to the requirements set by the aforementioned paragraphs, for example, we think that disclosing the size (which could be satisfied by total assets) of non-consolidated securitisations, in cases where a reporting entity only holds a portion of the senior tranches in the securitisation, might not represent useful information for users and risks obscuring more relevant information in the financial statements. We therefore believe that, were the

¹ As specified in paragraph A10 of the Appendix to the Request document:

IFRS 12 Disclosure of Interests in Other Entities requires an entity to disclose information that enables users of its financial statements to evaluate: (a) the nature of, and risks associated with, the entity's interest in other entities; and (b) the effects of those interests on the entity's financial position, financial performance and cash flows.

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IFRS 12 to be reviewed, a more holistic revision of the disclosure requirements for unconsolidated structured entities might be merited to further assess the current usefulness of such information to the users of financial statements in the context of current market conditions.

We thank the IASB for their work and stand ready to discuss the content of this letter or to provide any further clarity with regard to the statements made.

Yours faithfully,

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About AFME

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu. Follow us on Twitter @AFME_EU