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Comments regarding IASB's Exposure Draft on An improved Conceptual Framework for Financial Reporting – Chapter 1 The Objective of Financial Reporting, and Chapter 2 Qualitative characteristics and Constraints of Decision-useful Financial Reporting Information

Dear Mr. Enevoldsen,

The Committee of European Securities Regulators (CESR), through its standing committee on financial reporting (CESR-Fin), considered EFRAG's draft comment letter on IASB Exposure Draft on An improved Conceptual Framework for Financial Reporting – Chapter 1 The Objective of Financial Reporting, and Chapter 2 Qualitative characteristics and Constraints of Decision-useful Financial Reporting Information.

We thank you for this opportunity to comment on your draft letter and we are therefore pleased to provide you with the following comments:

- In general, CESR is supportive on the comment letter prepared by EFRAG on this issue.
- EFRAG highlights in its draft comment letter the issue that the Framework should not be amended piecewise. CESR believes that it is primarily the reasoning behind this advice which is worth underlining, i.e. the importance of careful consideration before any amendments are approved in order to ensure that the Framework in its entirety at any point in time is consistent inherently. If this goal can be achieved CESR would not oppose renewal of the Framework step by step.
- Regarding the relationship between management information and information provided in financial statements CESR is of the view that the text as it stands in the exposure draft is properly drafted and that it should not go further and require that it in all cases should be expressly explained why information not relevant for the management is required in the financial statements. The reason is that it could always be debatable whether a piece of information is relevant to the management or not. The standard setter should always be able to explain why information required in financial statements is relevant to capital providers whether or not it is judged to be relevant to management.
- The question on the boundaries of general purpose financial reporting within the scope of the Framework and the standards and the possibility of an expansion of this scope is touched on by the IASB. On this issue CESR would like to point out a possible tension in relation to the requirements regarding the publishing of price sensitive information within the regulations on securities traded on regulated markets. Regulations on securities markets require that price



sensitive information relevant to market participants is published immediately after the coming into existence of the relevant circumstances or events. CESR is of the opinion that information published as a consequence of these requirements should be consistent with information published within the financial reporting framework. Nevertheless, CESR believes that standard setters should be aware of the possible tension between the periodic nature of information provided within the financial reporting framework and the requirements to provide immediate information within the framework of regulations on securities markets.

I should be happy to discuss all these issues further with you.

Yours sincerely,

Fernando Restoy
Chair of CESR-Fin