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Comments regarding IASB's Exposure Draft of proposed amendments to IAS 24 Relationships with the state

Dear Mr. Enevoldsen,

The Committee of European Securities Regulators (CESR), through its standing committee on financial reporting (CESR-Fin), has considered EFRAG's draft comment letter on the IASB Exposure Draft proposing amendments to IAS 24 regarding relationships with the state.

We thank you for this opportunity to comment on your draft letter and are pleased to provide you with the comments as stated below:

CESR is generally supportive of the comment letter prepared by EFRAG and would like to support EFRAG's concerns regarding the inconsistency between para 17 B and the scope of the standard. The scope suggested certain exemptions from the requirements but the actual requirement is without the suggested exemptions. CESR supports an amendment to 17 B in order to achieve consistency with the scope and believes this would enhance the possibility for users to get more relevant and to-the-point disclosures.

CESR further supports EFRAG's concerns regarding the extensiveness of para 17 B. A requirement to list the types of individually or collectively significant transactions with entities controlled, jointly controlled or significantly influenced by the state (as if the state as such issued consolidated accounts) and a qualitative or a quantitative indication of their extent could add up to a considerable amount of entities and transactions with such entities. From a cost/benefit point of view CESR is not convinced that this requirement is beneficial for the users and believes that the standard should focus on drawing attention to the transactions that could be influenced by their common relationship with the state.

In addition, the notion of "significant voting power" is suggested to be used more widely in the new definition of "related party" in IAS 24. Although the notion is part of the current definition of "related party" in IAS 24, CESR is of the view that additional guidance regarding "significant voting power" would be useful as a result of the extended use of it as part of the new definition of "related party".



I would be happy to discuss any of these issues further with you.

Yours sincerely,

Fernando Restoy
Chair of CESR-Fin