

07 January 2022

ESMA Letter to IASB/EFRAG Regarding Exposure Draft Disclosure Requirements in IFRS Standards – A Pilot Approach

1.0 Background

The Authority would like to draw your attention to ESMA comment letters on [ED Disclosure Requirements in IFRS Standards – A Pilot Approach](#) (hereinafter referred to as the “ED”) were shared with the IASB / EFRAG and were published on ESMA’s website today:

- [Comment Letter to the IAS](#)
- [Comment Letter to EFRAG](#)

2.0 Overview of the letters

ESMA agrees with the IASB ambitions that the financial statements frequently do not contain entity-specific and material information which would be of relevance to the users and with the need to improve the quality of disclosures provided by the IFRS preparers.

ESMA welcomes the development of general and detailed disclosure objectives which expected to help preparers to better apply materiality judgements. However, ESMA does not believe that the approach proposed by this ED strikes the right balance between disclosure objectives and detailed disclosure requirements. ESMA is concerned that introducing “non mandatory” disclosure items may prompt reporting entities to limit the amount of information. The concern is that should the IASB proceed with the approach proposed, auditors and enforcers will face barriers when dealing with issuers who are not willing to be transparent by providing relevant disclosures in financial statements to inform investors.

3.0 Contacts

Should you have any queries relating to the above, kindly contact the Authority on transparency@mfsa.mt.