



31 May 2021

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT
ED/2021/6 *Management Commentary***

Comments to be received by 8 October 2021

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Exposure Draft ED/2021/6 *Management Commentary*. The Exposure Draft (ED) is available on the Institute's website:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>

The International Accounting Standards Board (IASB) has proposed a comprehensive framework for companies preparing management commentaries in response to investors and creditors' changing information needs and to developments in narrative reporting.

The proposed framework represents a major overhaul of IFRS Practice Statement 1 *Management Commentary*. It builds on innovations in narrative reporting and would enable companies to bring together, in one place, the information investors need to assess a company's long-term prospects—including information about the company's intangible resources and relationships and about sustainability matters that affect the company.

IFRS Standards do not require companies to provide management commentary—this is unchanged by the proposed new framework. However, regulators may require companies to provide management commentary in accordance with the proposed framework or companies may choose to do so. The IASB envisages that companies would be able to apply the proposed framework along with national reporting requirements and in conjunction with frameworks that address particular topics, such as sustainability matters.

The FRSC invites your comments on the proposal as set out in the ED by **8 October 2021** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.