

IFRS Foundation
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28th March 2022

Dear Board Members and Staff,

Thank you for the opportunity to provide our comment to the IASB's due process with regards to Exposure Draft ED/2021/10 Supplier Finance Arrangements.

As you know, ELFA is a professional trade association comprised of European leveraged finance investors from over 55 institutional fixed income managers, including investment advisors, insurance companies, and pension funds. Our organisation seeks to support the growth and resilience of the leveraged finance market while acting as the voice of our members by promoting transparency and facilitating engagement among European leveraged finance market participants.

Given the importance that the current reporting standards holds to our members, we appreciate the IASB's initiative to obtain the views of a wide range of stakeholders on the needs for standard setting. Going forward we would like to continue our engagement with IASB to conventional factoring, as well as other key topics around financial statement reporting where we feel disclosure can be improved.

In response to your explicit questions:

Question 1 – Scope of disclosure requirements

We agree with this proposal, per our previous discussions with IASB on the topic

Question 2 – Disclosure objectives and disclosure requirements

We support the proposal as depicted in the exposure draft, as these will help to allay a number of the concerns we highlighted previously to the Board (see report [Letter to the IFRS: Comment on Tentative Agenda Decision on Reverse Factoring Arrangements](#)). We anticipate that this information will prove valuable to investors and result in more transparent reporting of cash flows, working capital and debt/liquidity.

Question 3 – Examples added to disclosure requirements

We agree with the proposal, particularly in light of the material impact reverse factoring has been seen to have on liquidity for a company in financial stress.

We hope that our comments will contribute to the IASB's further deliberation on this topic. Should you require any clarifications, please do not hesitate to contact us.

Yours sincerely,

ELFA Disclosure & Transparency Committee