



30 Cannon Street, London EC4M 6XH, United Kingdom
Tel: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411
E-mail: iasb@iasb.org Website: www.iasb.org

**International
Accounting Standards
Board**

This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards. These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: 16 September 2008, London

Project: Consolidations

Subject: Credit Crisis Proposed amendments to Disclosure Requirements
(Agenda Paper 2)

Agenda Papers for this meeting

- 1 There are five papers for this meeting:-
 - (a) Cover Note Paper 2, which sets out the objectives of the meeting
 - (b) Agenda Paper 2A, which outlines the proposed amendments to IFRS 7 in relation to liquidity risk guidance.
 - (c) Agenda Paper 2B, which outlines the proposed amendments to IFRS 7 *Financial Instruments: Disclosures* in relation to fair value disclosures
 - (d) Agenda Papers 2Ci and 2Cii, which outline the proposed disclosure requirements for off-balance sheet entities

Meeting objectives

- 2 The *Report of the Financial Stability Forum on enhancing market and institutional resilience* (7 April 2008) commented that the recent period of market turmoil and illiquidity had highlighted the importance to market confidence of reliable valuations

and informative disclosures of the risks associated with structured credit products and off-balance sheet entities.

- 3 The Financial Stability Forum (FSF) recommended that the IASB should:-
 - (a) improve the accounting and disclosure standards for off-balance sheet vehicles on an accelerated basis; and
 - (b) strengthen its standards to achieve better disclosures about valuations, methodologies, and uncertainties associated with valuations.
- 4 In this meeting we present our recommendations for improved disclosures in the areas identified as being important by the FSF as a result of the credit crisis.
- 5 The Consolidation project has been working on an exposure draft to replace IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation-Special Purpose Entities*. Disclosures relating to off-balance sheet entities have been included in this project.
- 6 Prior to a new standard being issued on Fair Value Measurement, we propose that amendments are made to fair value disclosure requirements in IFRS 7 as an interim measure.
- 7 The credit crisis coincided with the first year reporting under IFRS 7. We have identified areas for which we think that the current disclosure requirements should be improved.

Next steps

- 8 Based on your feedback at this meeting we will develop proposals to amend IFRS 7 in relation to the disclosure requirements relating to fair value measurement and liquidity risk. Disclosure requirements for off-balance sheet entities will be incorporated into the exposure draft of the new Consolidation IFRS to be issued later this year.