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*Decisions become final only after the IFRIC has taken a formal vote on an Interpretation or Draft Interpretation, which is confirmed by the IASB.*

The IFRIC held a special extra meeting by a telephone conference on 4 August 2009, when it discussed:

- Extinguishing financial liabilities with equity instruments ('debt for equity swap')

## **Extinguishing financial liabilities with equity instruments (debt for equity swap)**

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The IFRIC received a request to add to its agenda an issue with respect to the application of IAS 39 *Financial Instruments: Recognition and Measurement* and IAS 32 *Financial Instruments: Presentation* when an entity issues its own equity instruments to extinguish all or part of a financial liability (referred to as a 'debt for equity swap'). The question is whether the entity should recognise the equity instruments at the carrying amount of the financial liability or at the fair value of either the equity instruments issued or the financial liability.

In this meeting, the IFRIC discussed the draft of an interpretation and agreed with the paragraphs on consensus subject to editorial changes on full or partial extinguishment of a financial liability.

The IFRIC also discussed transitional requirements and decided that an entity should apply a change in accounting policy in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* from the beginning of the earliest comparative period presented. The IFRIC also added a consequential amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards* to permit first-time adopters to use the same transition requirement.

The IFRIC did not object to the publication of the draft Interpretation D25 *Extinguishing Financial Liabilities with Equity Instruments* for public comment within 60 days. The IFRIC will consider the responses at its meeting in November 2009.

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