

IAS 39 Financial Instruments: Recognition and Measurement (July 2014)

Recognition and Measurement—classification of a hybrid financial instrument by the holder

The Interpretations Committee received a request to clarify the classification by the holder of a hybrid financial instrument with a revolving maturity option, an early settlement option and a suspension of interest payments option (all at the option of the issuer). Specifically, the submitter raised the question of whether the host of such a financial instrument should be classified by the holder as equity, or as a debt instrument under IAS 39.

On the basis of the responses to the outreach request, the Interpretations Committee observed that the issue is not widespread. The Interpretations Committee also noted that the financial instrument described in the submission is specific and it would not be appropriate to provide guidance on this particular issue.

The Interpretations Committee considered that its agenda criteria are not met. Consequently, the Interpretations Committee decided not to add this issue to its agenda.