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**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: 20 September 2006, London

Project: ***IAS 39 Financial Instruments: Recognition and Measurement: Derecognition application issues***

Subject: **Cover Paper (Agenda Paper 13)**

Background

1. The IFRIC is seeking input and advice from the Board regarding how to proceed in interpreting two IAS 39 application issues. The two issues are:
 - a. Issue 1: How should the derecognition provisions of IAS 39 be applied to groups of similar financial assets?
 - b. Issue 2: Which types of transactions are required to be treated as pass-through transfers?
2. There is little guidance in the wording of IAS 39 on these two issues which may make it difficult to form an interpretation. Furthermore, with respect to the first issue, the wording in IAS 39 may contradict the intention of the Board. Therefore the IFRIC requested that both issues be referred to the Board to both clarify the Board's intentions and to ascertain the most effective way to proceed.

How the papers are organised

3. Paper A discusses the first issue – how the derecognition provisions of IAS 39 should be applied to groups of similar financial assets.

4. Paper B discusses the second issue – the types of transactions that might be required to be treated as pass-through transfers.
5. Paper C outlines the development of the derecognition requirements of IAS 39 in relation to the two issues discussed in papers A and B.