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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: 19 September 2006, London

Project: Financial Instruments – Due Process Document (DPD)

Subject: Scope – Overview of papers (Agenda Paper 4)

PURPOSE OF THIS SERIES OF PAPERS

1. This series of papers seeks the preliminary views of the Boards on a number of issues relating to the scope of the DPD.

OVERVIEW OF THIS SERIES OF PAPERS

2. This series of papers is designed to address:
 - a. How the initial scope of the DPD should be set, and
 - b. Subsequent adjustments to that initial scope.
3. Two different approaches to setting the initial scope of the DPD are discussed in this series of papers. The approaches discussed are:
 - a. A scope that is broader than a definition of *financial instruments* (discussed in paper 4A), and

- b. A scope that is a definition of *financial instruments* (discussed in paper 4B).
- 4. Whichever approach is preferred, it is likely that subsequent adjustments would have to be made. Such adjustments would exclude certain items as well as maybe including other items that are not part of the starting scope. Paper 4C discusses such adjustments.
- 5. Regardless of the approach favored by the Boards, the staff believes that the DPD should contain at least a brief discussion of the key characteristics of the contractual rights and obligations within the scope of the DPD, and how these differ from the attributes of contractual rights and obligations outside the scope of the DPD. The staff believes that such a discussion will be helpful in explaining the Boards' views on the measurement of such contractual rights and obligations.
- 6. The staff also notes that one of the concerns raised by respondents to the draft Standard on *Financial Instruments and Similar Items* proposed by the Joint Working Group of Standard Setters (JWG) was that the distinction between (a) financial instruments and similar items and (b) non-financial items was not clearly articulated.