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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:** November 2008, London

**Project:** Financial Instruments

**Subject:** Cover note (Agenda Paper 11)

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1. There are three papers for this session:
  - (a) Fair value option (FVO) (AP11A)
  - (b) Accounting for investments in credit-linked financial instruments (AP11B)
  - (c) Impairment requirements for financial instruments (AP11C)
2. Each paper addresses a complex accounting topic that requires reporting entities to apply a significant amount of judgement to determine the appropriate accounting that should be applied to a wide variety of different and often very complex financial instruments.
3. In many cases, that judgement is based on management's intent related to a particular financial instrument. (For example, an entity can elect to use the FVO if it will manage and evaluate the financial instrument (or group of instruments) on a fair value basis.) As a result, many of the topics addressed in the papers for

this session have particular rules or restrictions that attempt to prevent abuse. (For example, the FVO designation is irrevocable.)

4. The papers for this session address issues that are relevant to the board's upcoming activities related to the global financial crisis. Some have asked the board to urgently address these and other issues.
5. Moreover, we expect that these issues will have been raised in the public roundtable in London and will be raised at the other roundtables in the U.S. and Japan. The roundtables are to gather input on reporting issues emanating from the current crisis. The input from the roundtables will help inform the global advisory group that is being created to consider how improvements in financial reporting could help enhance investor confidence in financial markets.
6. These papers are educational in nature. The purpose is to provide Board members with technical and product background for each of the issues discussed. We are not providing any technical recommendations nor are we asking the board for any decisions in these papers, as the public roundtables will provide important input.