



Project **Derecognition**

Topic **Cover note**

1. This paper serves as the cover note for the agenda papers (APs) that the staff intends to discuss with the Board at this meeting.
2. Papers 15A to 15C deal with comments received from respondents to ED/2009/3 *Derecognition* (ED) on the derecognition requirements in IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39) for financial liabilities, and the proposed changes to those requirements in the ED.
3. **AP 15A** – This paper discusses the principle and criteria proposed in the ED for whether transactions involving the modification of the terms of a debt instrument or the exchange of one debt instrument for another debt instrument should be accounted for as an extinguishment of the liability (and recognition of a new liability) or as a modification.
4. **AP 15B** – This paper discusses the accounting for extinguishments or modifications of a liability *after* the determination of whether extinguishment or modification accounting is required.
5. **AP 15C** – This paper deals with whether requirements for the financial asset of the creditor should be consistent with those for the financial liability of the borrower in a transaction that results in extinguishment or modification accounting.
6. The last paper is primarily for your information and we do not intend to discuss it at this meeting, unless you have questions about the paper. **AP 15D** lists the issues that the staff intends to discuss with the Board at future IASB meetings. In the appendix to this paper, we have tabled those comments by respondents to the ED about the proposed derecognition requirements for financial liabilities that we believe do not need to be discussed by the Board.

This paper has been prepared by the technical staff of the IASB for the purposes of discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper and do not purport to represent the views of any individual members of the Board or the IASB.

Decisions made by the Board are reported in IASB *Update*.

Official pronouncements of the IASB are published only after the Board has completed its full due process, including appropriate public consultation and formal voting procedures.