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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: February 2009, London

**Project: IAS 39 Financial Instruments: Recognition and
Measurement – Derecognition of Financial Assets and
Liabilities**

**Subject: The effects of the recommendations in Agenda Paper 2-issues
for Approach 1 (as set out in Agenda Paper 2A) (Agenda
Paper 2A Addendum)**

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1. Agenda Paper 2-issues addresses issues identified in developing the more complex cases in Agenda Paper 2E and issues raised by one Board member on review of the Board papers summarising each of the approaches.
 2. The issues identified and staff recommendations in Agenda Paper 2-issues relating to Approach 1 are as follows:
 - (a) **Issue 1—scope of transfers of financial assets assessed for derecognition.** That the scope of transactions assessed for derecognition

includes all transfers involving financial assets (irrespective of the form of the transaction).

(b) **Issue 2—derecognition or consolidation first.** That derecognition is assessed before consolidation.

3. If the Board agrees with those staff recommendations, paragraph 21 of Agenda Paper 2A would be amended as follows to address Issues 1:

A transfer occurs when one party passes to or undertakes to pass to another party some or all of the cash flows or other economic benefits underlying its financial assets. The term ‘transfer’ is used broadly to include all forms of sale, assignment, and provision of collateral, sacrifice, distribution and other exchange. ~~It does not include origination, issuance or expiry.~~

4. The recommendation regarding Issue 2 is already reflected in paragraph 22 of Agenda Paper 2A.