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| Project | Financial Instruments – Recognition and Measurement |
| Topic | Classification – cover note for classification papers |

Background

1. As set out in the cover note for the *Financial instruments: recognition and measurement* project (see agenda paper 3) some follow-up issues regarding classification will be discussed at the June 2009 IASB meeting.
2. At its 1 and 5 June 2009 meetings the Board discussed the classification of financial instruments. The Board decided to discuss at the main June meeting:
 - (a) the interaction between the classification criteria and the current embedded derivative requirements for financial host contracts in IAS 39; and
 - (b) issues relating to concentrations of risk.
3. The Board tentatively decided not to propose changing the embedded derivative requirements in IAS 39 for non-financial host contracts.

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

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

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in IASB *Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

Structure of classification related agenda papers

4. There are two follow-up papers on classification:
 - (a) **Agenda paper 3A1** provides a summary of alternatives for embedded derivative accounting in the context of the new classification approach.
 - (b) **Agenda paper 3A2** provides an analysis of the issues relating to concentrations of risk.