



Project **Financial instruments – Recognition and Measurement**

Topic **Cover note**

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## Introduction

1. At the May 2009 meeting the IASB discussed different possible impairment approaches, and decided to undertake a short and focussed consultation exercise to seek input regarding an expected cash flow approach that might be set out in an exposure draft in 3Q 2009.
2. At the main June IASB meeting, the staff expects a large French bank to discuss operational issues and challenges they might encounter in applying an expected cash flow approach.
3. The staff also expects representatives from the Bank of Spain to describe their dynamic provisioning approach.
4. Following those discussions, the staff expect to post a short document on the IASB website seeking input from other stakeholders.
5. Given this approach, at the May 2009 meeting the IASB also decided to accelerate proposals on classification and measurement, in order to issue an exposure draft in July 2009. The papers for this additional June meeting are intended to facilitate that decision.

## Papers to be discussed at the 1<sup>st</sup> June meeting

6. The following papers will be discussed at this meeting.
    - (a) **Paper 1** – Cover note
    - (b) **Paper 2** – Classification of financial instruments (see separate cover note)
    - (c) **Paper 3A** – Equity instruments: OCI method
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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.

## IASB Staff paper

- (d) **Paper 3B** – Equity instruments: cost exemption
  - (e) **Paper 4** – Transitional provisions
7. If we run out of time at the 1<sup>st</sup> June meeting, the remaining papers will be discussed at the additional 5<sup>th</sup> June meeting.

### **Papers to be discussed at the main IASB June meeting**

8. The staff expects that the papers that will be discussed at the main IASB June meeting will include papers discussing:
- (a) measurement options at initial recognition and subsequent to initial recognition;
  - (b) transition and potential transition relief;
  - (c) consequential amendments to IFRS 7 *Financial Instruments: Disclosures*; and
  - (d) consequential amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*.