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International  
Accounting Standards  
Board

*This observer note is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. Views expressed in this document are identified by the staff as a basis for the discussion at the IFRIC meeting. This document does not represent an official position of the IFRIC. Decisions of the IFRIC are determined only after extensive deliberation and due process. IFRIC positions are set out in Interpretations.*

*Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.*

## INFORMATION FOR OBSERVERS

**IFRIC meeting:** March 2009, London

**Project:** Derecognition of financial assets (Agenda Paper 4E)

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The following wording of a tentative decision was published in the November 2008 IFRIC Update:

### **IAS 39 *Financial Instruments: Recognition and Measurement*—Derecognition**

The IFRIC was asked:

- 1 how the derecognition tests in IAS 39 should be applied to groups of financial assets, in particular, when a group of financial assets should be considered similar; and
- 2 when the pass through tests in IAS 39 should be applied to a transfer of a financial asset.

At its meeting in July 2006 the IFRIC decided to refer these issues to the Board for clarification. The Board discussed the issues at its meeting in September 2006 and its observations were communicated to the IFRIC at its meeting in November 2006. The IFRIC decided not to add the issue to the agenda. A tentative decision was published in the November 2006 IFRIC *Update*.

At its meeting in January 2007 the IFRIC decided to add a limited scope project on derecognition to its agenda. However, the project has been inactive awaiting the availability of staff resources.

Subsequently, the Board has accelerated its project to develop a replacement for the sections of IAS 39 that would have been interpreted by this IFRIC issue. The Board expects to issue a new standard on this topic no later than 2010.

Therefore the IFRIC decided to remove this issue from its agenda.

One comment letter was received supporting the IFRIC decision to remove this issue from the agenda because of the acceleration of the Board project. However, it suggests reconsidering this decision if the Board project does not progress as expected.

The staff recommends finalising the agenda decision as proposed.

**Question for the IFRIC: Do you agree with the staff recommendation?**