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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:** March 2009, London  
**Project:** Financial Instruments with Characteristics of Equity  
**Subject:** Developing a Classification Model  
(Agenda Paper 12A Addendum)

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## **INTRODUCTION**

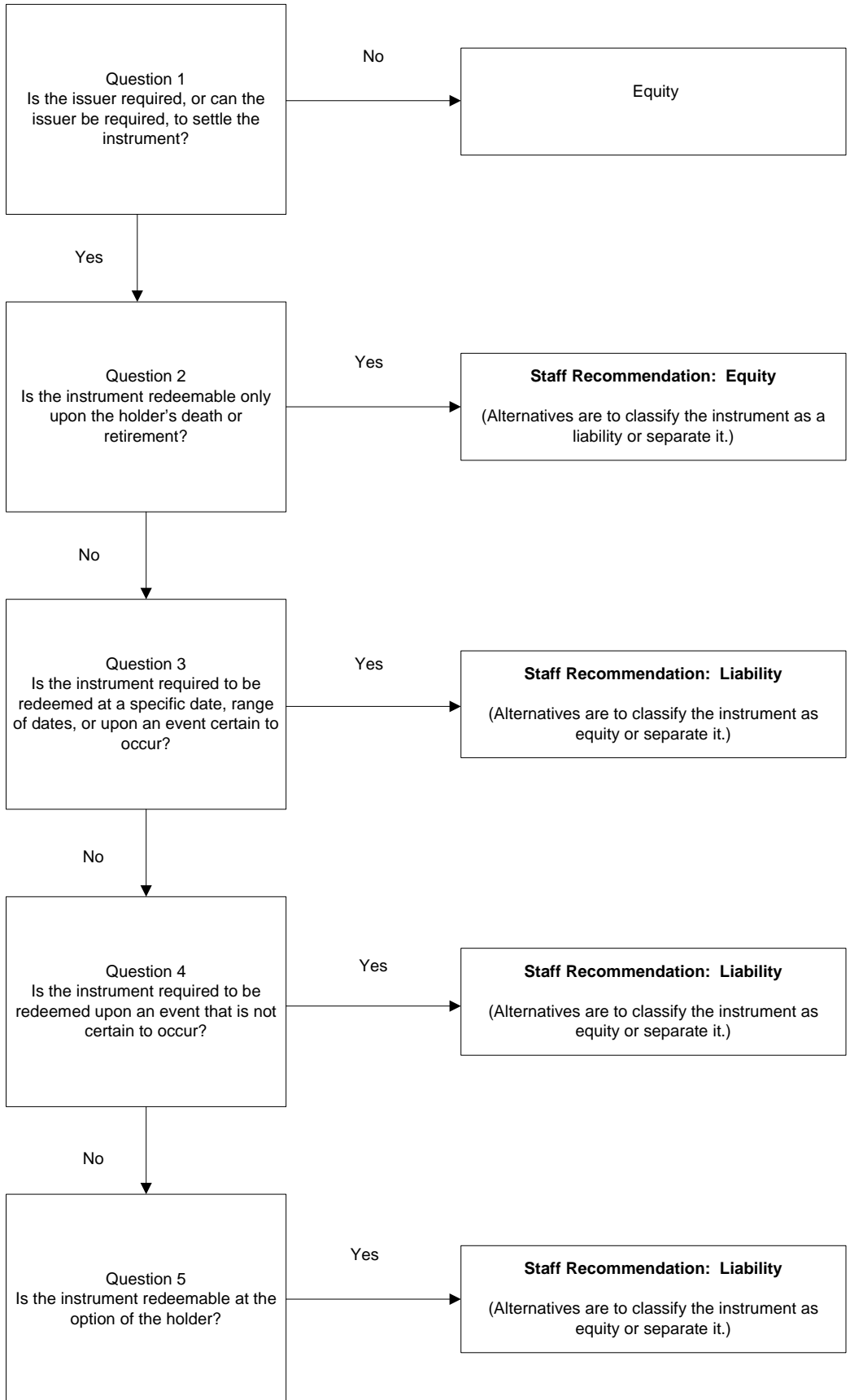
1. This Addendum outlines
  - a. the staff's recommended approach and
  - b. the questions for the Board.
2. This Addendum does not contain any new information. However, we re-worded the questions that are in Agenda Paper 12A to make them more specific.

## **SUMMARY OF THE APPROACH**

3. The following flowchart illustrates the approach and the staff's classification recommendations.

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The staff prepares Board meeting handouts to facilitate the audience's understanding of the issues to be addressed at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect the views of the FASB or its staff. Official positions of the FASB are determined only after extensive due process and deliberations.



## QUESTIONS FOR THE BOARD

1. Does the Board agree that instruments that are redeemable at the option of the **issuer** (*callable* instruments) are perpetual?
2. Does the Board agree that instruments that are redeemable at the option of the holder or that are required to be redeemed only upon the holder's retirement or death should be classified as equity?
3. Does the Board agree that instruments that are required to be redeemed on a specific date, in a range of dates, or upon an event that is certain to occur (except for retirement or death) should be classified as liabilities?
4. Does the Board agree that instruments that are required to be redeemed upon an event that is not certain to occur should be classified as liabilities?
5. Does the Board agree that instruments that are redeemable at the option of the holder (except upon death or retirement) should be classified as liabilities?
6. Are there other types of instruments that are redeemable (mandatorily or at the option of the holder) that the Board thinks should be classified as equity?