



Project	Financial instruments – Replacement of IAS 39
Topic	Classification and measurement: cover note

Introduction

1. At the meetings on 22 and 29 September and 6 October the Board re-deliberated some of the topics in the exposure draft *Financial Instruments: Classification and Measurement*. At those meetings the Board discussed:
 - (a) scope of the classification and measurement phase (29 September)
 - (b) classification conditions (29 September and 6 October)
 - (i) the entity's business model for managing its instruments
 - (ii) the contractual cash flow characteristics of the instrument
 - (iii) the interaction between those two conditions
 - (c) the "other" measurement bucket (6 October)
 - (d) the fair value option (6 October)
 - (e) own credit risk in subsequent measurement of financial liabilities (6 October)
 - (f) hybrid contracts with financial hosts (6 October)
 - (g) the exception from fair value measurement for some equity investments (22 and 29 September, 6 October)
2. At the meetings on 15 and 16 October we will continue re-deliberations.

Papers to be discussed at the 15 and 16 October meetings

3. The following papers related to the classification and measurement phase will be discussed at these meetings:

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

- **Paper 3:** Cost exception for some equity investments
 - **Paper 4:** Reclassifications between cost and fair value through profit or loss
 - **Paper 5:** Reclassifications between fair value through profit or loss and other measurement categories
 - **Paper 6:** A presentation option: fair value through other comprehensive income
 - **Paper 7:** Contractually subordinated interests (“waterfalls”)
 - **Paper 8:** Financial assets purchased at a discount that reflect incurred losses
4. Agenda paper 1 for the meetings on 15-16 October was posted earlier this week and relates to the impairment phase of the project. A paper on the hedging phase may also be discussed and if so will be posted separately.