



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

Introduction

1. At the meetings on 22 and 29 September the Board began re-deliberations of the exposure draft *Financial Instruments: Classification and Measurement*. At those meetings the Board discussed:
 - (a) scope of the classification and measurement phase
 - (b) classification conditions
 - (i) the entity's business model for managing its instruments
 - (ii) the contractual cash flow characteristics of the instrument
 - (c) the exception from fair value measurement for some equity investments
2. At this meeting we will continue re-deliberations of the topics in the exposure draft.

Papers to be discussed at the 6 October meeting

3. The following papers related to the classification and measurement phase will be discussed at this meeting:
 - **Paper 2:** Own credit risk
 - **Paper 3:** Embedded derivatives
 - **Paper 4:** Interaction of the two classification conditions
 - **Paper 5:** The “other” measurement category
 - **Paper 6:** The fair value option (FVO)

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 7:** The exception from fair value measurement for some equity investments
4. Papers for one or both of the other phases of the project will be distributed separately.