

## **IASB Meeting**

Agenda reference

Date 24 August 2010

Staff Paper

Project

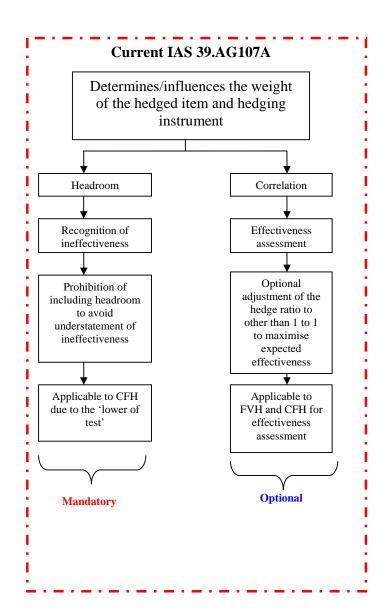
Financial Instruments (Replacement of IAS 39) – Hedge Accounting

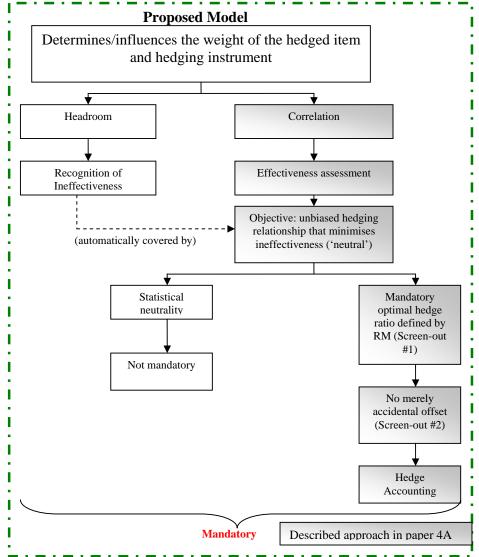
Main Features of the Hedge Effectiveness Test (cover paper)

Topic

## Purpose of the paper

- At the 3 August 2010 IASB meeting the staff presented a paper on effectiveness assessment to the Board. At that meeting, the staff was asked to consider the notion of 'neutrality' of the hedging relationship in the context of effectiveness testing.
- 2. This paper consists of a diagram. We believe that using such a diagram will help the Board understand the issue of 'neutrality' of the hedging relationship and how it relates to other aspects of the new effectiveness test.
- 3. The diagram summarises the narrative description in paper 4A (refer to paragraphs 9 to 33 of that paper). Paper 4A also includes an outline of the overall effectiveness test (ie all its key features) for the new hedge accounting model.





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