



Project	Fair Value Measurement
Topic	Recognition of day 1 gains or losses of financial instruments

Purpose of this paper

1. The staff does not intend to discuss this paper at the forthcoming board meeting and this paper is for information purposes only.
2. This paper summarises the decisions taken on the issue of day 1 gains or losses of financial instruments, and how the staff intends to proceed.
3. At the January 2010 joint meeting with the FASB, the IASB tentatively decided not to address the recognition of day 1 gains or losses of financial instruments as part of the fair value measurement project. Once the fair value measurement project team finishes its deliberations on other issues, they will start drafting the standard on fair value measurement. Therefore, the fair value measurement project team will not wait for the discussion on whether or not to amend the recognition criteria for day 1 gains or losses of financial instruments to be finalised before they start drafting the fair value measurement standard.
4. The staff will bring a paper on the recognition of day 1 gains or losses of financial instruments to the boards at a future meeting.
5. If, after that meeting, the IASB decides to amend the recognition requirements for day 1 gains or losses of financial instruments, it will be done as an amendment to IAS 39 *Financial Instruments: Recognition and Measurement*, and other IFRS literature as necessary.

This paper has been prepared by the technical staff of the FASB and the IASCF for discussion at a public meeting of the FASB or the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the FASB or the IASB.

Comments made in relation to the application of IFRSs or U.S. GAAP do not purport to be acceptable or unacceptable application of IFRSs or U.S. GAAP.

The tentative decisions made by the FASB or the IASB at public meetings are reported in FASB *Action Alert* or in IASB *Update*. Official pronouncements of the FASB or the IASB are published only after each board has completed its full due process, including appropriate public consultation and formal voting procedures.