
Project	Financial Instruments (replacement of IAS 39) – Hedge Accounting
Topic	Cover paper: eligibility of hedged items- groups and net positions

1. This is the cover paper to the following three papers:
 - (a) **Agenda paper 19A** – this paper contains different examples of net position hedges. Its purpose is to assist the Board in deciding which types, if any, of net positions should be eligible hedged items.
 - (b) **Agenda paper 19B** - this paper discusses the difference between permitting a net position to be an eligible hedged item and permitting components of cash (or other) instruments to be eligible hedging instruments¹. There are no questions for the Board in this paper.
 - (c) **Agenda paper 19C** – this paper asks the Board whether nil net positions should be eligible for hedge accounting when an entity manages risks on a net basis.

¹ Cash instruments refers to non-derivative financial instruments whereas ‘other’ instruments refers to other non-financial items such as forecast transactions and firm commitments not accounted for as derivatives.

This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of 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 IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in *IASB Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.