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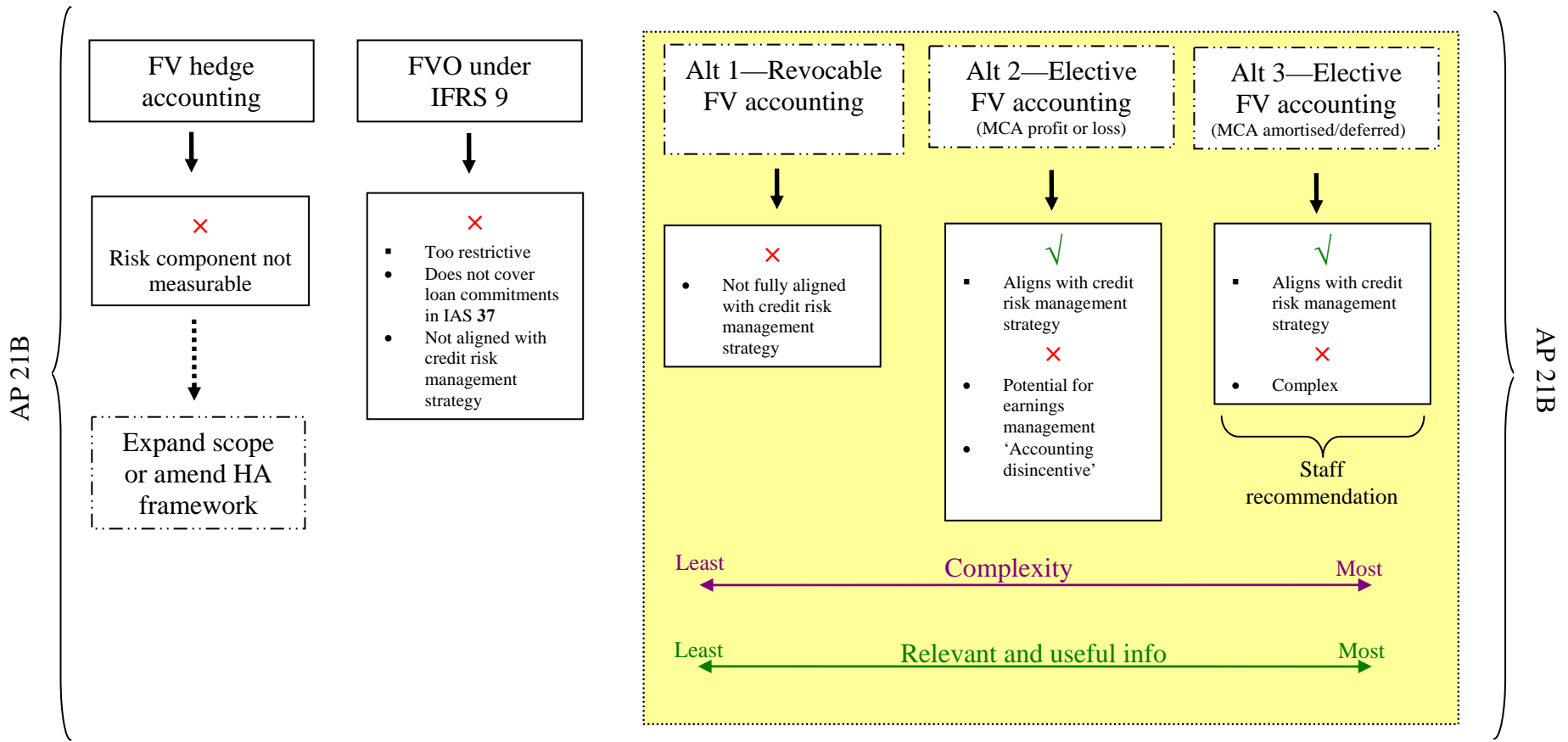
Project	<b>Financial Instruments: Replacement of IAS 39</b>
Topic	<b>Hedge accounting: hedges of credit risk using credit derivatives—overview diagram</b>

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### **Purpose of the paper**

1. The diagram on the next page provides an overview of the alternatives discussed in agenda paper 21B and the key considerations under each alternative.

# Hedges of credit risk using CDSs (AP 21A)



MCA = measurement change adjustment—the difference that could arise between fair value and the carrying amount of the instrument when FV accounting is elected after initial recognition