

Staff Paper

Project	Offsetting Financial Assets and Liabilities
Topic	Cover note

Background

1. At the July 2011 joint meeting, the boards tentatively decided on converged offsetting disclosures to meet the needs of users in reviewing financial statements¹.
2. At the July 2011 IASB-only meeting, the staff asked the Board to confirm whether it would like to move forward with the exposure draft *Offsetting Financial Assets and Financial Liabilities* (as modified) or keep the current requirements in IAS 32 *Financial Instruments: Presentation* amended for the converged offsetting disclosures².
3. The Board tentatively decided to keep IAS 32. However, based on outreach performed and feedback received on the proposals in the ED, the Board understands that there is diversity in applying some aspects of the offsetting requirements in IAS 32 today.
4. As a result, the Board requested the staff to bring back a paper with suggested amendments to the IAS 32 application guidance to address this current diversity in practice. These amendments would be based on the feedback received on the ED.

Way forward

5. The staff believes that it is important to introduce converged disclosure requirements on a timely basis. In addition, the disclosure changes are now the only part of the project being undertaken jointly with the FASB. As a result the

¹ See Agenda Papers 3A and 3B/Memos 16A/16B from the 21 July 2011 meeting.

² See Agenda Paper 6A from the 22 July meeting.

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staff thinks it is appropriate to finalise them separately to the broader project to potentially address the offsetting requirements in IAS 32 as discussed in paragraph 4.

6. Therefore at this meeting the staff will provide an analysis and recommendation on transition requirements and effective date for the revised disclosure requirements (see AP 6A). The FASB staff will be making the same recommendations to the FASB in a separate meeting to accommodate differences in meeting dates between the two boards.
7. In addition, in response to the Board's request in paragraph 4, the staff plans to bring an agenda paper suggesting amendments to the application guidance in IAS 32 to the September 2011 Board meeting.