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| Project | Offsetting Financial Assets and Liabilities |
| | Cover Note –Educational Session |
| Topic | Spectrum of collateral and margin payments |

Introduction/Purpose of the paper

1. At the 17 May, 2011 joint meeting, the boards discussed the feedback received on the proposals in the ED (Agenda Paper 5/13A). Based on the feedback received, the boards requested further analysis on some respondents' comments before deciding on a way forward.
2. Some of the issues raised by respondents are more complex than others, and the staff believes it will be helpful to provide the boards more background about such issues before re-deliberation.
3. The staff has organised this education session for the International Swaps and Derivatives Association (ISDA) and a representative of one of the major central clearinghouses to further explain the spectrum of collateral and margin arrangements that exists in the bilateral and over-the-counter (OTC) derivatives markets.
4. The attached provides a summary of some of the various types of collateral/margin arrangements that exist today and an example of such arrangement. This summary has been prepared by ISDA members. The table of collateral/margin arrangements included within is identical to Appendix A of Agenda Paper 1B/Memo 14B.
5. The staff will not be asking the boards for a decision at this session.

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

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