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| Project | Financial Instruments (Replacement of IAS 39)—Hedge Accounting |
| Topic | Effectiveness assessment—Cover paper |

Background

1. In April 2011, the IASB began the redeliberations of the exposure draft *Hedge Accounting* (ED).
2. This is the cover paper of a series of papers that addresses the feedback received on the proposals regarding the hedge effectiveness assessment.
3. The ED proposed a new objective-based hedge effectiveness assessment (Question 6 in the invitation to comment of the ED).

Agenda paper structure

4. The agenda paper structure reflects the main issues that respondents suggested be addressed by the redeliberations:
 - (a) Clarification of the term ‘other than accidental offsetting’ (addressed in **agenda paper 1A**).
 - (b) The meaning of the requirement that the hedging relationship needs to produce an ‘unbiased result’ and minimise expected hedge ineffectiveness (addressed in **agenda paper 1B**).
5. The staff recommendations and questions to the Board for agenda papers 1A and 1B are included in a separate paper (**agenda paper 1C**).

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.