AGENDA PAPER

IFRS Foundation Trustees meeting – Due Process Oversight Committee

SYDNEY	APRIL 2014	**Agenda ref 3C(iii)**
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Limited amendments to the classification and measurement of financial instruments: due process 'life cycle' review

Overview

1. This report summarises the due process steps and considerations for the project *Classification and Measurement: Limited Amendments to IFRS 9*, which is part of the overall IFRS 9 project. This project will result in amendments to the existing classification and measurement requirements in (and when combined with the forthcoming impairment chapter, a new issuance of) IFRS 9 *Financial Instruments*. This issuance of IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and earlier versions of IFRS 9 (as issued 2009, 2010 and 2013).

Background

2. At its meeting in February 2014, the IASB considered a Due Process paper on this project, which illustrated how the IASB has complied with due process requirements over the lifecycle of the project[1]. That paper also sought the IASB's confirmation that it is satisfied that it has undertaken sufficient consultation and analysis to be able to begin the balloting process for the limited amendments to IFRS 9. A copy of that paper is reproduced at Agenda Paper (AP), 3C (iv). The section of that paper on due process steps (from paragraph 26 onwards) is particularly relevant. Another paper for that meeting[2]

[1] A copy of this paper, Agenda Paper 6B for the IASB's meeting in February 2014, was circulated to the DPOC under cover of an e-mail from Henry Rees dated 10 February 2014.
[2] Agenda Paper 6A, also circulated to the DPOC on 10 February 2014.

provided the IASB with an update on the FASB's tentative classification and measurement model for financial instruments.

3. At its February meeting, the IASB considered whether there was a need to re-expose the limited amendments to the classification and measurement requirements in IFRS 9 for public comment. After consideration of the re-exposure criteria in the *Due Process Handbook*, the IASB decided that re-exposure was unnecessary. The IASB also stated that it was satisfied that it has completed all of the necessary due process steps required to date and therefore instructed the staff to proceed to drafting and balloting the limited amendments to the classification and measurement requirements in IFRS 9.

4. Appendix A to this report summarises discussions with the Trustees and the DPOC that have occurred in relation to this project.

5. In addition to the detailed analysis of due process steps taken that is contained in Agenda Paper 3C (iv), I would like to emphasise some key considerations, including convergence, and recount the development of the project from a due process perspective.

Lifecycle of due process efforts undertaken

6. The classification and measurement project is part of the IASB's overall project to improve the accounting for financial instruments by replacing IAS 39.

The Classification and Measurement Limited Amendments project in the context of the IASB's overall project to replace IAS 39

7. In November 2009, the IASB issued the chapters of IFRS 9 that set out the new requirements for the classification and measurement for financial assets. In October 2010, the IASB added the classification and measurement requirements for financial liabilities. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39; however, the requirements related to the fair value option were changed to address the issue of 'own credit risk'.[3]

8. In the C&M Limited Amendments project, the IASB considered narrow changes to the requirements in IFRS 9 for the classification and measurement of financial assets. The

[3] So when entities elect to measure their own liabilities at fair value the portion of the change in fair value related to changes in their own credit risk will be recognised in other comprehensive income rather than profit or loss.

IASB's objectives for the C&M Limited Amendments project are discussed in the following section.

Why the IASB proposed Limited Amendments to IFRS 9

9. After the issuance of the classification and measurement requirements in IFRS 9 the IASB received feedback from interested parties in various jurisdictions who chose to apply IFRS 9 early or have reviewed IFRS 9 in detail in preparation for its application. Generally the feedback confirmed that IFRS 9 is fundamentally sound and operational, and results in useful information being provided to users of financial statements. However, some interested parties raised **application questions** related to the classification of specific financial assets.

10. In addition, when IFRS 9 was deliberated and issued, the IASB acknowledged the difficulties that might be created by differences in timing between the Classification and Measurement phase of the project to replace IAS 39 and the Insurance Contracts project and the interaction between the models. Accordingly, the IASB consistently stated that **the interaction between the classification and measurement of financial assets under IFRS 9 and the accounting for insurance contracts liabilities** would be considered once the insurance contracts model was developed sufficiently.

11. Furthermore, when the first requirements of IFRS 9 were issued in 2009, the IASB's priority was to make improvements to the accounting for financial instruments available quickly. Consequently, although financial instruments were part of the convergence efforts with the FASB, the IASB issued the classification and measurement requirements in IFRS 9 while the FASB was still developing its classification and measurement model. While the convergence efforts were complicated by the different project timetables established by the boards to respond to their respective stakeholder groups, the boards remained committed to achieving **increased comparability internationally** in the accounting for financial instruments.

12. In November 2011, the IASB concluded that it would be appropriate to consider particular application issues and that the Insurance Contracts project had been developed sufficiently such that the IASB could consider the interaction between the accounting

models for financial assets and insurance contracts. Moreover, the IASB decided to explore whether increased comparability could be achieved with the FASB's tentative classification and measurement model for financial instruments. Accordingly, the IASB decided to consider making limited amendments to IFRS 9.

13. In making this decision, the IASB noted that IFRS 9 is fundamentally sound and operational. In addition, the IASB noted that some constituents have already applied IFRS 9 and others have devoted significant resources to preparing for transition—and therefore the IASB was mindful to minimise the cost and disruption to those constituents where possible. The IASB also acknowledged the need to complete the C&M Limited Amendments project expeditiously to enable IFRS 9 as a whole to be completed and for that completed version to be available for application in its entirety. Accordingly, the IASB decided to limit the scope of the project to address the points noted in paragraph 13 above.

Joint deliberations

14. Further to the IASB's decision in November 2011 to consider making limited amendments to IFRS 9, in January 2012, the IASB and the FASB decided to jointly deliberate particular aspects of their respective classification and measurement models with the objective of reducing key differences. In making that decision, the boards took into account their long-standing objective of increasing comparability internationally in reporting financial instruments and the feedback received from their respective stakeholders. The boards also noted that the IASB had decided to consider making limited amendments to IFRS 9 and the FASB was nearing the completion of the deliberations of its tentative classification and measurement model for financial instruments so it had a near final tentative model as the basis for discussion.

15. At the same time the boards were mindful of the fact that their starting points in joint deliberations were different. That is, the IASB was considering *limited* amendments to the *existing* classification and measurement requirements in IFRS 9 whereas the FASB was considering a comprehensive *new model* for the classification and measurement of financial instruments. Accordingly, consistent with the boards' objective of reducing key

differences, the boards established the scope of the joint deliberations and agreed to jointly discuss each issue within the scope of the joint deliberations and to consider what changes, if any, they would propose to make to their separate models and incorporate in their respective exposure drafts. The boards also acknowledged that some of the further interrelated topics may need to be discussed jointly while others may need to be discussed separately.

16. The boards' joint deliberations resulted in the publication in November 2012 of the IASB's Exposure Draft ED 2012/4 *Classification and Measurement: Limited Amendments to IFRS 9* (the Limited Amendments ED) and subsequently in the FASB's proposed Accounting Standards Update *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ('FASB's proposed ASU'). Given the different starting points these drafts were not identical, but the key aspects of the boards' respective proposals were largely aligned.

17. The IASB received a total of 172 comment letters on the Limited Amendments ED. Throughout the Limited Amendments project the IASB members and staff performed a significant amount of outreach and consultation with a broad range of interested parties from various jurisdictions. Overall, more than 75 formal outreach meetings were conducted. Outreach efforts included:

    (a) Individual users and user groups from various jurisdictions—including the Capital Markets Advisory Group, the Corporate Reporting Users Forum, the Users' Advisory Committee and representatives of the CFA Institute. Meeting papers and recordings of the discussions with the Capital Markets Advisory Group are available on the IFRS Foundation website. Overall, the IASB members and staff conducted over 25 outreach meetings with users of financial statements.

    (b) An online survey for users of financial statements. Over 40 users from various backgrounds and jurisdictions participated in the online survey.

    (c) Meetings with individual preparers, preparer groups and industry groups from various jurisdictions, including the Global Preparers Forum, the International

Banking Federation, the European Banking Federation, the International Swaps and Derivatives Association, the CFO Forum, Insurance Europe, the American Council of Life Insurers and Business Europe. Meeting papers and recordings of the discussions with the Global Preparers Forum are available on the IFRS Foundation website.

(d) Regulators and standard-setters, including the European Securities and Markets Authority, the Basel Accounting Experts Group, World Standard-setters, and the European Financial Reporting Advisory Group.

(e) Accounting firms.

18. At joint public meetings in September 2013 through November 2013, the boards discussed the key components of the proposed model for financial assets. Most of the decisions made were agreed jointly. However, there were differences in some specific details and in the articulation of particular aspects of the business model assessment. However, the FASB directed its staff to perform further analysis of particular aspects of the model—and also indicated that it would consider at a future meeting whether it would like to confirm the C&M model that the boards had been jointly discussing or pursue another model. In particular the FASB indicated that it planned to consider the complexity of the C&M proposals and the cost/benefit of the tentative decisions.

The proposed limited amendments to IFRS 9 and redeliberations leading to the receipt of permission to ballot

19. The following paragraphs outline the key changes proposed in the C&M Limited Amendments project to the classification and measurement requirements in IFRS 9 for financial assets.

20. **The contractual cash flow characteristics assessment**—IFRS 9 requires that, to be eligible for a measurement category other than at fair value through profit or loss, a financial asset must have contractual cash flows that solely represent payments of principal and interest (‘solely P&I’).

21. The Limited Amendments ED issued in November 2012 proposed amendments to the application guidance in IFRS 9 to clarify how that principle should be applied. Nearly all

respondents welcomed the proposed clarifications and stated that the proposals resulted in more appropriate classification outcomes. However many respondents raised additional application questions. The IASB has considered that feedback in redeliberating the proposals and tentatively decided to provide additional *clarifications* and *application guidance* in response to the feedback received on the proposals.

22. **The introduction of the mandatory fair value through other comprehensive income (FVOCI) measurement category**[4]—IFRS 9's model originally required that all financial assets be classified at either amortised cost or at fair value through profit or loss on the basis of the business model within which they are held and their contractual cash flow characteristics.

23. However, since the publication of IFRS 9:

    (a) Some constituents expressed a view that the two-category classification model in IFRS 9 would not allow them to properly reflect their business models for groups of assets that they hold to both collect contractual cash flows or to sell.

    (b) Insurers raised concerns about the potential accounting mismatch that may arise due to the interaction between the IFRS 9 model and the accounting for insurance liabilities under the tentative model developed in the Insurance Contracts project.

    (c) The FASB developed a tentative model that included three measurement categories (including a FVOCI measurement category) for financial assets.

24. Accordingly, the Limited Amendments ED proposed the introduction of a third mandatory measurement category for financial assets—FVOCI. Classification into the FVOCI category would be consistent with the existing classification principles in IFRS 9; that is, it is based on a business model assessment and the contractual cash flow characteristics assessment. Specifically, financial assets would be measured at FVOCI if they:

[4] IFRS 9 also permits an entity to make an irrevocable election at initial recognition to present fair value gains and losses on an investment in an equity instrument in other comprehensive income (OCI) (if it is not held for trading). No changes were proposed to that option.

(a) are held within a business model in which financial assets are managed both in order to collect contractual cash flows and for sale; and

(b) have contractual cash flows that are solely P&I.

25. Mechanically, the proposed FVOCI category would present amortised cost information in profit or loss and fair value information on the statement of financial position. (In achieving this it was proposed that the impairment model that would apply to financial assets measured at amortised cost would also apply to debt instruments mandatorily measured at FVOCI).

26. The introduction of the FVOCI measurement category was the most significant of the changes proposed to IFRS 9 and therefore, in addition to seeking feedback through the comment letter process, the IASB members and staff performed targeted outreach on this proposal, including conducting a survey of users of financial statements. The majority of interested parties, including users of financial statements, supported measuring some financial assets at FVOCI. Accordingly, the IASB tentatively decided to re-affirm the introduction of the mandatory FVOCI measurement category into IFRS 9 as proposed by the Limited Amendments ED.

27. In February 2014, after redeliberation on all technical issues of the Limited Amendments ED, the IASB noted that it considered the revisions to that ED largely confirmed and clarified the proposals in response to the feedback received. As such, it agreed with the staff conclusion that due process requirements had been met and that re-exposure was unnecessary and was unlikely to reveal any new information. The IASB consequently granted staff the permission to proceed to ballot the final version of the limited amendments to the classification and measurement requirements of IFRS 9.

Convergence

28. Consistent with the intention stated by the FASB during joint redeliberations and the project plan discussed by the boards in July 2013, the FASB continued to discuss the contractual cash flow characteristics and business model assessments subsequent to the boards' joint discussions. The FASB's objective was to ensure that the new C&M model reflected the feedback received from its stakeholders.

Contractual cash flow characteristics assessment

29. In December 2013, the FASB discussed the contractual cash flow characteristics assessment that the boards had discussed jointly as a condition for classifying and measuring financial assets. In particular, the FASB discussed concerns raised by its stakeholders about the complexity of that assessment and whether the benefits of that new assessment outweighed the costs of applying it. The FASB also considered alternatives to that assessment if the FASB decided not to continue to pursue it.

30. The FASB considered existing US GAAP for financial assets in comparison with the model tentatively agreed with the IASB. The FASB tentatively decided that it would not continue to pursue the contractual cash flow characteristics assessment. In making that decision, the FASB expressed concern that the condition was arguably just as complex as current US GAAP requirements and in many cases would result in similar classification outcomes. The FASB observed that the application of the contractual cash flow characteristics assessment would require judgement and was therefore concerned that it could result in the need to develop an extensive body of new application guidance. The FASB also expressed concern that having different C&M models for financial assets and financial liabilities would increase complexity. Accordingly, the FASB was not convinced that the contractual cash flow characteristics assessment would satisfy its cost-benefit considerations.

31. It is noted that the feedback received by the FASB on the contractual cash flow assessment was <u>significantly</u> more negative than that received by the IASB. The staff are of the view that this reflects in part the relative familiarity of IFRS stakeholders with the solely P&I concept in IFRS 9 that was first exposed in 2009.

32. In light of that decision, the FASB discussed the accounting for hybrid financial assets and decided to **retain the bifurcation requirements in current U.S. GAAP**. That is, financial assets that contain embedded derivatives would have those embedded derivatives assessed for bifurcation—and if bifurcation is required, the embedded derivatives would be separately classified and measured at fair value through profit or loss. (The accounting for the host contract is discussed in the next paragraph.)

33. In addition, the FASB directed the FASB staff to perform additional analysis of whether the FASB should develop a new approach for using another cash flow characteristics assessment to determine the C&M of financial assets.

Business model assessment

34. In light of the tentative decisions made by the FASB in December 2013 on the contractual cash flow characteristics assessment, the FASB decided to consider whether it would like to continue to pursue the business model assessment that the boards had been discussing jointly as a condition for classifying and measuring financial assets. Accordingly, in January 2014, the FASB discussed that business model assessment and tentatively decided not to continue to pursue it. The FASB also decided not to pursue the approach that it had been discussing prior to the boards' joint deliberations which focused on the business activities that an entity uses in acquiring and managing the financial assets. In making those decisions, the FASB took the view that targeted improvements to current U.S. GAAP would be the most cost-beneficial way of improving the current requirements.

35. Accordingly, the FASB directed the FASB staff to conduct further analysis of targeted improvements that can be made to the current U.S. GAAP guidance for classifying and measuring loans and securities. After considering those targeted improvements to the respective models for loans and securities, the FASB will consider whether it should align those models or retain two separate models for loans and securities.

FASB's next steps

36. At a future meeting, the FASB staff will bring to the FASB an analysis of whether it should develop a new approach for using another cash flow characteristics assessment for classifying particular financial assets, as well as further analysis of targeted improvements that can be made to the current U.S. GAAP guidance for classifying and measuring loans and securities.

Finalising IFRS 9

37. At the February 2014 IASB meeting when the IASB was asked if it gave permission to ballot the final C&M requirements for inclusion in IFRS 9, the IASB was provided with an update on the status of the FASB's deliberations. Although the IASB's preference was

to achieve a converged outcome, given the efforts undertaken to achieve this, the difference in opinions of US and non-US stakeholders and the desire to complete IFRS 9, the IASB granted the staff permission to proceed to ballot the final requirements.

Appendix A

CLASSIFICATION AND MEASUREMENT (LIMITED AMENDMENTS) FORTHCOMING PART OF IFRS 9 DUE PROCESS LIFE CYCLE REVIEW: REPORTING TO THE TRUSTEES AND THE DUE PROCESS OVERSIGHT COMMITTEE (DPOC)

Date	Trustees/DPOC	Report
Jan 2012	Trustees	Reference in *Report of the IASB Chair* (AP2 and Appendix B to AP2) to the IASB's agreement in November 2011 to consider modifying IFRS 9 particularly in view of convergence and the insurance contracts project. However the Board noted that any changes should be made in a manner that minimised disruption for those who had already started to apply or were close to applying IFRS 9. The Board also noted that IFRS 9 was fundamentally sound and that the project should be completed expeditiously. In December 2012, the Board tentatively decided to limit the items to be reconsidered to the contractual cash flow characteristics criteria, whether bifurcation for financial assets should be reconsidered and whether changes in the fair value for some debt instruments should be presented in OCI (other comprehensive income). The *Summary of the conclusions of the IFRS Foundation Trustees' meeting* reported that the IASB had announced its intention to conduct a limited-scope review of IFRS 9 to address its interaction with a new insurance standard and to determine whether the IASB's and FASB's approaches could be made to converge. The Chairman of the IASB noted that some jurisdictions had already adopted IFRS 9, so amendments would be as limited as possible.
Apr 2012	Trustees	References in *Report of the IASB Chair* (AP2) and *The Technical Agenda* (AP2B) noting that the IASB and the FASB had, in January 2012, decided to jointly redeliberate classification and measurement items and any knock-on effects (for example, disclosures or the model for financial liabilities in the light of the financial asset decisions). The report noted that the boards planned to discuss each of these issues jointly and to consider the effect of any changes on their separate models. The *Summary of the conclusions of the IFRS Foundation Trustees' meeting* recorded that the Trustees were informed that work continued on the Classification and Measurement project, on which the Chairman of the IASB reported that there was a good chance that the two boards would come closer together.
Apr 2012	DPOC	Reference in *Due Process Update* (AP3G) noting that the IASB had not yet made a formal decision on re-exposure. However, it was anticipated that proposed changes to be made would be exposed for comment in the second half of 2012.
Jul 2012	Trustees	References in *Report of the IASB Chair* (AP2) and *The Technical Agenda* (AP2B) noting that the IASB and FASB had made tentative decisions with respect to the areas noted above. These decisions further aligned the classification models under IFRS 9 with the FASB's tentative approach and addressed some of the insurance community's concerns. The majority of these decisions did not change the current IFRS 9 model, but instead reaffirmed it, while agreeing to additional application guidance. The IASB did, however, tentatively agree to include a third measurement category in IFRS 9–fair value through other comprehensive income (FVOCI) for simple debt investments. This category would result in a fair value balance sheet and an amortised cost profit or loss statement, with one impairment model

Date	Trustees/DPOC	Report
		being used for all financial assets not at fair value through profit and loss. The report also noted that other than the clarification of several minor issues and the finalisation of transition and disclosure requirements, the joint discussion on classification and measurement was now substantially complete. The boards planned to complete these discussions by mid-2012 and to issue exposure drafts in the fourth quarter of 2012. Owing to the different stages of development, the boards proposed that any exposure drafts should be separate but achieve as converged an outcome as possible. The *Summary of the conclusions of the IFRS Foundation Trustees' meeting* reported that an Exposure Draft (ED) was anticipated to be issued towards the end of 2012.
Jul 2012	Trustees/MB	Reference in *Report of the IASB Chairman* (AP MB3) that the IASB is aiming to finalise deliberations on proposals on Classification and Measurement in July 2012. The report noted that, to date, deliberations with the FASB had resulted in substantially converged outcomes.
Jul 2012	DPOC	Reference in *Update on Technical Activities* (AP4D) noting that redeliberations on classification and measurement were "now substantially complete".
Oct 2012	DPOC	E-mail to DPOC 1 October 2012 with a copy of the paper presented to the IASB at its September 2012 meeting: *Financial Instruments: Classification and Measurement- Due process considerations for proposing limited amendments to IFRS 9* (IASB meeting September 2012 AP6D).
Oct 2012	Trustees	Reference in *Report of the IASB Chair* (Agenda Paper, AP, 2) reported that in September 2012 the IASB also determined that it had complied with all the required steps in the IASB's *Due Process Handbook*, and that it had performed enough optional due process steps in developing the proposed limited amendments to IFRS 9 to proceed to an Exposure Draft (ED). The IASB also agreed that, given the limited scope of the proposed amendments to IFRS 9, additional time in excess of the normal 120-day period set out in the *Due Process Handbook* was not needed. The report noted that the due process analysis had been provided to the DPOC separately (as above, under cover of an e-mail dated 1 October 2012). The IASB expected to issue an ED in the fourth quarter of 2012, with a FASB ED on classification and measurement of financial instruments expected around the same time. The EDs would reflect joint decisions made by the boards, although given the different stage of development of the projects (the IASB was revising IFRS 9 whereas the FASB was proposing completely new guidance), the documents would not be identical.
Oct 2012	DPOC	Reference as above in *Update on Technical Activities* (AP 3B). The *Report of the DPOC meeting* noted the comments above as reported to the Trustees.
Jan 2013	Trustees	Reference in *Technical Projects – Update* (AP 2B) noting that the ED on limited amendments had been published in November 2012 and that the FASB ED was scheduled for issue in Q1 2013. The report also referred to outreach being undertaken during the comment period, which ended on 28 March 2013.
Jan 2013	DPOC	Reference as above in *Update on Technical Activities* (AP 3C (i)).
Apr 2013	Trustees/MB	Reference in *Report of the IASB Chairman* (AP MB2) noting that the FASB's ED had been issued in February 2013. The comment period for the IASB's ED had ended on 28 March 2013. Upon completion of these consultations the

Date	Trustees/DPOC	Report
		IASB would redeliberate the proposals with the FASB, with a view to completing this project in 2013.
Apr 2013	Trustees	References in the *Report of the IASB Chair* (AP 2) and *Technical Projects – Update* (AP 2A) as above. The *Summary of the conclusions of the IFRS Foundation Trustees' meeting* recorded that the Senior Director – Technical Activities had reported to the Trustees and the Monitoring Board that the IASB planned to redeliberate the proposals with the FASB, with a view to completing this project in 2013.
Apr 2013	DPOC	Reference in *Technical Projects – Update* (AP 3A) as above. The *Report of the DPOC meeting* stated that the DPOC had been updated on the progress of the project. The report noted the above and the fact that the IASB would keep the DPOC updated on progress and come back to the Committee with a lifecycle review of the project for its sign-off before completion.
Jul 2013	Trustees	Reference in *Report of the IASB Chair* (AP 2) to joint redeliberations with the FASB having started on this project.
Jul 2013	DPOC	Reference in *Technical Projects – Update* (AP 3B) to the latest developments on the project, noting the above and proving a high-level summary of the feedback received on the IASB's ED. The *Report of the DPOC meeting* stated that the DPOC had been updated on the progress of the project, as above. The report noted that there had been some pushback from respondents that the proposals in the ED were adding complexity back into IFRS 9. It also recorded that, as with the other projects, the DPOC was satisfied that all the due process requirements were being met.
Oct 2013	Trustees	Reference in *Report of the IASB Chair* (AP 2) to redeliberations having commenced.
Oct 2013	DPOC	Reference in *Technical Projects – Update* (AP 3B) on latest developments on the project, noting the above. The *Report of the DPOC meeting* stated that the DPOC had been updated on the progress of the project as above. It also stated that the timing had slowed down somewhat, with the changes expected to be finalised in the first half of 2014. It also recorded that, as with the other projects, the DPOC was satisfied that all the due process requirements were being met.
Jan 2014	Trustees/MB	Reference in *Report of the IASB Chairman* (AP MB3) to developments, noting that the IASB had been redeliberating on comments received on the 2013 ED proposals. It noted that the FASB, at its meeting in December 2013, had made a number of tentative decisions that suggested that it would not proceed fully with the proposals set out in its own ED. The *Summary of the conclusions of the IFRS Foundation Trustees' meeting* recorded that the Chair of the IASB had reported to the Trustees and the Monitoring Board the latest developments on the project, which included the comment that convergence with the FASB was unlikely.
Jan 2014	DPOC	Reference in *Technical Projects – Update* (AP 3B) as above. The *Report of the DPOC meeting* stated that the DPOC had been updated on the progress of the project, as above. The report noted that the DPOC questioned the IASB representatives at the meeting about the implications of the IASB and the FASB coming to different decisions. It was acknowledged that the situation was unfortunate. The DPOC was informed that, at its February 2014 meeting, the IASB would consider the position taken by the

Date	Trustees/DPOC	Report
		FASB, at the same time as it reviewed the due process on the project. The report also recorded that, as with the other projects, the DPOC was satisfied that all the due process requirements were being met.
Feb 2014	DPOC	E-mail to DPOC 10 February with a copy of a paper to be presented to the IASB *Financial Instruments: Impairment – Due process, re-exposure and permission to draft* (IASB meeting February 2014 AP5C).