



International Accounting Standards Board®

Press Release

22 December 2008

IASB proposes amendments to clarify the accounting for embedded derivatives

The International Accounting Standards Board (IASB) today published for public comment proposals to clarify the accounting treatment for embedded derivatives.

The proposals respond to requests received from those taking part in the recent round-table discussions organised by the IASB and the US Financial Accounting Standards Board (FASB) to clarify the requirements in IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*.

Participants asked the IASB to act in order to prevent any diversity in practice developing as a result of the amendments made to IAS 39 in October 2008 to permit the reclassification of particular financial assets. The proposals published today would require all embedded derivatives to be assessed and, if necessary, separately accounted for in financial statements.

Commenting on the proposals, Sir David Tweedie, IASB Chairman, said:

In October 2008, in response to exceptional circumstances, the IASB amended accounting standards relating to the reclassification of financial instruments. Issuing that amendment without normal due process always carried the risk of unintended consequences, and these proposals seek to clarify the application of that amendment to embedded derivatives.

The proposals are set out in an exposure draft *Embedded Derivatives*, on which the IASB invites comments by 21 January 2009. The exposure draft is available on the Website www.iasb.org.

Printed copies of the exposure draft (ISBN 978-1-905590-93-3) will be available shortly, at £10.00 plus shipping, from the IASC Foundation Publications Department.

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For more details on the IASB's response to the financial crisis visit the 'Credit crisis' section of the Website.

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Notes for editors

About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. Its 14 members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. They are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.