



International Accounting Standards Board®

Press Release

14 July 2009

IASB proposes improvements to financial instruments accounting

The International Accounting Standards Board (IASB) today published for public comment an exposure draft of proposals to improve financial instrument accounting.

The proposals form part of the IASB's comprehensive review of financial instrument accounting. The proposals, which the IASB believes will significantly reduce complexity and make it easier for investors to understand financial statements, address how financial instruments are classified and measured. The proposals also answer concerns raised by interested parties during the financial crisis (for example, eliminating the different impairment approaches for available-for-sale assets and assets measured using amortised cost). The IASB plans to finalise the classification and measurement proposals in time for non-mandatory application in 2009 year-end financial statements.

The proposals also respond directly to and are consistent with the recommendations and timetable set out by the G20 leaders and other international bodies. In order to be responsive to calls for improved accounting, the IASB decided to split the comprehensive project into three phases (the other phases address the impairment methodology and hedge accounting). The IASB plans to complete the replacement of IAS 39 during 2010, although mandatory application will not be before January 2012.

Introducing the exposure draft, Sir David Tweedie, Chairman of the IASB, said:

The financial crisis has demonstrated that investors need to be given a better understanding of information presented in the financial statements about financial instruments held or issued by a company. Making it easier for investors to understand financial statements is an essential ingredient to the recovery of investor confidence.

The proposals today are an important first step in this process. They also respond directly to concerns raised about the accounting for financial instruments. In finalising these proposals we will continue to work jointly with the US standard-

setter, the Financial Accounting Standards Board, to achieve a common and improved accounting standard on financial instruments.

The IASB will host two live Web presentations to introduce its proposals on Wednesday 15 July 2009. The first will take place at 9:30am London time. For the convenience of interested parties in different time zones the second webcast will take place at 3:00pm London time. An IASB 'Snapshot', a high level summary of the proposals, is also available to download free of charge from the project section of the IASB website.

The IASB invites comments on the exposure draft, *ED/2009/7 Financial Instruments: Classification and Measurement*, by 14 September 2009. The exposure draft is available on the 'Open for Comment' section on www.iasb.org from today.

Printed copies of *ED/2009/7 Financial Instruments: Classification and Measurement* (set ISBN 978-1-907026-21-8) will be available shortly, at £10 plus shipping, from the IASC Foundation Publications Department. Subscribers may also view the document on the *eIFRS* website. Those wishing to subscribe to *eIFRS*s should visit the online shop at www.iasb.org or contact:

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The IASB plans to review the proposals in the light of respondents' comments and to issue the resulting amendments to IFRSs before the end of 2009.

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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 15 full-time members are drawn from ten 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.