

## Welcome to IASB Update

This IASB Update is a staff summary of the tentative decisions reached by the Board at a public meeting. As a project progresses, the Board can, and sometimes does, modify its earlier tentative decisions. Tentative decisions do not change existing requirements until those decisions are incorporated in a new or amended standard.

The International Accounting Standards Board met in London on 24 September 2010. The topics discussed were:

- Fair value option for financial liabilities
- Disclosures - Transfers of financial assets: Effective date and transition requirements

### Fair value option for financial liabilities

The Board continued its redeliberations of the exposure draft *Fair Value Option for Financial Liabilities* (ED) - primarily, how the effects of changes in a liability's credit risk should be presented in the statement of comprehensive income and whether amounts presented in other comprehensive income (OCI) should be recycled to profit or loss (P&L).

The comment period for the ED ended in July 2010. At the September meeting the Board tentatively decided that for all liabilities designated under the fair value option (FVO), the effects of changes in a liability's credit risk will be required to be presented in OCI unless such treatment would create a mismatch in P&L. If such a mismatch would be created, the entire fair value change would be required to be presented in P&L.

At this meeting, the Board made the following tentative decisions:

- The effects of changes in a liability's credit risk will be presented in the statement of comprehensive income via a 'one-step approach'. Under that approach, the portion of the change in fair value attributable to changes in the liability's credit risk will be presented directly in OCI. All other changes in fair value will be presented in P&L.
- Any finalised requirements on the treatment of own credit risk will not apply to loan commitments and financial guarantee contracts designated under the FVO. All fair value changes for those items will continue to be presented in P&L.

The Board discussed whether amounts should be recycled from OCI to P&L when a liability is derecognised and the effects of changes in a liability's credit risk are realised. The Board will continue that discussion at the next Board meeting.

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#### Future Board meetings

The IASB meets at least once a month for up to five days.

The next Board meetings in 2010 are:

**5 October**  
**18 - 22 October**  
**25-27 October**  
**15 - 19 November**  
(Norwalk, US)

To see all Board meetings for 2010, [click here](#).

#### Archive of IASB Update Newsletter

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#### Podcast summaries

To listen to a short Board meeting audio summary (podcast) of previous Board meetings, [click here](#).

## **Disclosures - Transfers of financial assets: Effective date and transition requirements**

The Board agreed to change the effective date for *Disclosures - Transfer of financial assets* (Amendments to IFRS 7) from 1 January 2011 to 1 July 2011, to allow preparers adequate time to prepare and apply the amendments. The Board reaffirmed, however, its decisions on the transition requirements: that is, in the first year of application, an entity need not provide comparative disclosure information required by the amendments. Earlier application is permitted.

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