



International Accounting Standards Board®

Press Release

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IASB clarifies the accounting treatment for embedded derivatives when reclassifying financial instruments

The International Accounting Standards Board (IASB) today clarified the accounting treatment of embedded derivatives for entities that make use of the reclassification amendment issued by the IASB in October 2008.

The reclassification amendment allows entities to reclassify particular financial instruments out of the ‘at fair value through profit or loss’ category in specific circumstances. The amendments to IFRIC 9 and IAS 39 issued today clarify that on reclassification of a financial asset out of the ‘at fair value through profit or loss’ category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements.

The amendments form part of the IASB’s response to views received in the round-table discussions organised jointly with the US Financial Accounting Standards Board in November and December 2008. Participants asked the IASB to clarify the accounting treatment of embedded derivatives in the reclassification amendments in order to avoid divergence in practice.

The amendments set out in *Embedded Derivatives* apply retrospectively and are required to be applied for annual periods ending on or after 30 June 2009.

Printed copies of *Embedded Derivatives* (ISBN 978-1-907026-01-0) will be available shortly, at £10.00 plus shipping, from:

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30 Cannon Street, London EC4M 6XH, United Kingdom.
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For more information on the IASB's response to the financial crisis visit the 'financial crisis' section on www.iasb.org .

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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 (13 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.