



Agenda Item 4: Financial Instruments: Update Project

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IPSASB Meeting

December 8-11, 2015

Toronto, Canada

Objective of Agenda Item

Approve Project Brief for Financial Instruments: Update of IPSASs 28-30 project

Materials Presented

- Agenda Item 4.1 Draft Project Brief

Background (paras 1.1 – 1.4)

IPSAS 28-30, *Financial Instruments*

- Based on IASB standards as of Dec. 31, 2008

IFRS 9, *Financial Instruments*

- IASB issued in 2014

Project Rationale & Objectives (Paras 2.1 – 2.5)

Maintain convergence with IFRS

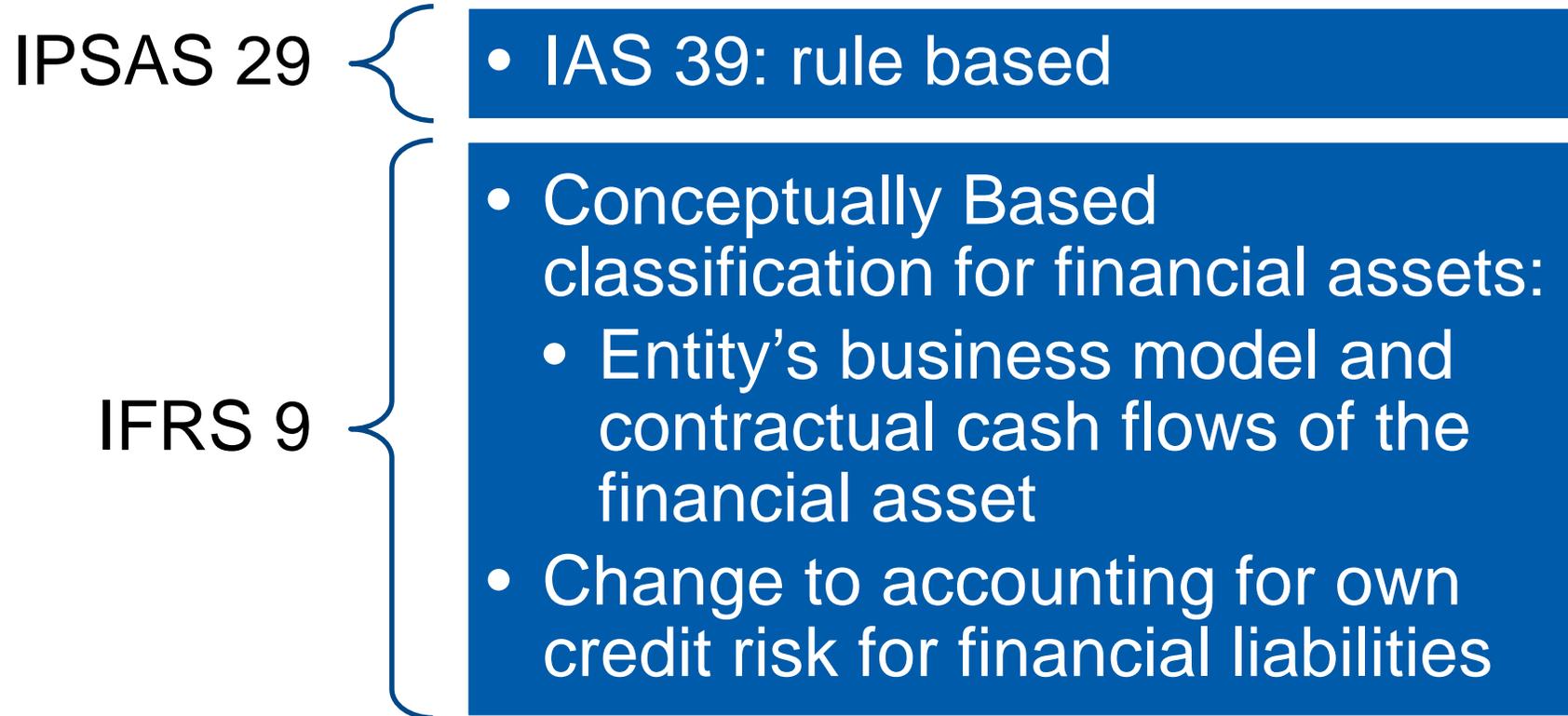
- Some IPSAS constituents consider current FI IPSASs more onerous
- IFRS 9 generally viewed as an improvement over previous guidance
- Link to IPSASB *Strategy for 2015 Forward*

Issues: Scope (Paras 3.3 – 3.4)

Scope:

- Consider amendments to IPSAS 28-30 arising from IFRS 9
- Consider additional securitization guidance related to sovereign powers and other public sector rights

Issues: Classification & Measurement (Paras 3.5 – 3.7)



Issues: Impairment (Para 3.8)

IPSAS 29

Incurred loss
impairment
model

IFRS 9

Expected loss
impairment
model

Issues: Hedge accounting (Para 3.9)

IFRS 9

- New hedge accounting requirements:
 - Principles which allow better link with risk management practices (components of financial and non-financial risks)
 - More flexibility in documentation and testing of hedge effectiveness

Issues: Securitizations (Para 3.10)

Future flow securitizations – related to sovereign powers and other public sector rights

Securitizations common in private and public sector – guidance in FI standards

Similar approach to concessionary loans and guarantees resulting from non-exchange transactions – consider need for ‘public sector securitizations’ application guidance

Development Process (Para 5.1)

Exposure Draft

‘Process for Reviewing and Modifying IASB Documents’

Revised IPSAS 29, consider issuance of replacement standard



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