

STAFF PAPER

April 2020

IASB® meeting

Project	Financial Instruments with Characteristics of Equity (FICE)		
Paper topic	Cover note		
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Introduction

1. This cover note introduces the papers to be discussed at this month's Board meeting.

Papers for this meeting

2. At this month's meeting, the staff will present the following Agenda Papers:
 - (a) Agenda Paper 5A *Financial instruments settled in own equity instruments: foundation principle*; and
 - (b) Agenda Paper 5B *Financial instruments settled in own equity instruments: adjustment principle*.
3. At the December 2019 Board meeting (Agenda Paper 5), the Board discussed the staff's preliminary analysis on how the fixed-for-fixed requirement in IAS 32 *Financial Instruments: Presentation* could be clarified. Based on the input provided by Board members at that meeting, the staff have further developed their analysis as set out in Agenda Papers 5A and 5B.

4. Agenda Paper 5A discusses the foundation principle underpinning the fixed-for-fixed condition and analyses potential clarifications that could be made to that principle.
5. Agenda Paper 5B discusses the adjustment principle which could be used to classify derivatives that are subject to adjustments to the number of own equity instruments or the amount of cash to be exchanged.
6. In Agenda papers 5A and 5B, the staff asks the Board to make tentative decisions that will help set the direction for the clarified principles that are being developed.
7. Depending on the Board members comments provided at this meeting, the staff may bring further analysis on the topic of the fixed-for-fixed requirement, before moving onto the next topic related to the classification part of this project.