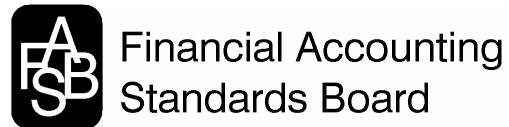


MINUTES



To: Board Members
From: Hurst (ext. 262)
Subject: Minutes of the March 24, 2004 FVM Board Meeting **Date:** March 26, 2004
cc: Bielstein, L. Smith, Petrone, FVM Team, E. Smith, Bossio, Swift, Polley, Gabriele, Sutay, Thompson, Mahoney, Leisenring , J. Paul , P. Martin , Bean, Allen, FASB Intranet

Topic: Remaining issues and authorization to proceed to preballot

Basis for Discussion: Memorandum dated March 9, 2004

Length of Discussion: 10:15 a.m. to 10:30 a.m.

Attendance:

Board members present:	Crooch, Herz, Schieneman (by phone), Schipper, and Seidman
Board members absent:	Batavick and Trott
Staff in charge of topic:	MacDonald and Pinson
Other staff at Board table:	Bielstein, Hurst, McKenna, Munro, and E. Smith
Outside participants:	None

Summary of Decisions Reached

The Board discussed fair value measurement of net open positions in dealer markets where bid and asked prices are more readily and regularly available than closing prices. The Board clarified that for net open positions, fair value should be determined by using (a) mid-market prices for the matched portion of offsetting positions and (b) bid and asked prices, as appropriate, for net open positions.

The Board authorized the staff to proceed to a preballot of an Exposure Draft of a proposed Statement, *Fair Value Measurements*. The Board plans to hold a public roundtable meeting with respondents to the Exposure Draft at the end of the comment period.

Matters Discussed and Decisions Reached

Net Open Positions

Mr. Pinson discussed the staff's recommendation that for net open positions in dealer markets where bid and asked prices are more readily and regularly available than closing prices, fair value should be determined by using (a) mid-market prices for the matched portion of offsetting positions and (b) bid and asked prices, as appropriate, for net open positions.

No Board members objected to the staff's recommendation. Ms. Schipper said that the recommendation is appropriate. She added that it furthers convergence efforts, as it is consistent with the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, as revised. In addition, the recommendation more faithfully represents the economics of the matched and net open positions, and is consistent with industry practice for those entities that currently price long positions at the bid price and short positions at the asked price (in dealer markets). Ms. Seidman suggested that the proposed Statement clarify that other applicable literature specifies whether and, if so, *when* entities should net open positions.

Alternative Views

Ms. MacDonald asked whether any Board members intended to dissent. Board members Herz, Seidman, and Schieneman responded that the draft is an important and excellent document, but that they disagreed with the Board's decision to prohibit the use of blockage factors in determining fair value. They said that they would be including an alternative view to that effect.

Public Roundtable Meeting

Ms. MacDonald asked for Board views on the need to hold a public roundtable meeting at the end of the comment period. Mr. Herz reiterated the importance of the document and that holding such a roundtable would increase constituents' awareness and education of the proposed Statement as well as overall visibility of the project. All other Board members agreed.

Timing

Ms. MacDonald told the Board that the staff plans to distribute the staff draft (revised for Board member comments) to the Valuation Resource Group for external review by April 2, 2004.

Follow-up Items

None.

General Announcements

None.