

Summary of Decisions Reached – FASB Board Meeting 8-06-08

At the August 6, 2008 meeting, the Board redeliberated issues related to the scope, disclosures, and effective date of the proposed FASB Staff Position No. FAS 133-b and FIN 45-c, *Disclosures about Credit Derivatives and Certain Guarantees*.

The Board decided not to expand the FSP's scope to include all financial instruments or credit-risk-related guarantees that are outside the scope of Statement 133 or Interpretation 45.

The Board clarified that a derivative with multiple underlyings is within the FSP's scope if one (or more) of its underlyings exposes the seller/writer to significant potential loss from credit-risk-related events specified in the contract. The Board also clarified that the FSP's scope includes a credit derivative embedded in a hybrid instrument.

With respect to an entity's disclosure about a credit derivative's or guarantee's current status of payment/performance risk, the Board decided not to express a preference (for example, a higher level in a hierarchy) for the use of external credit ratings when compared to internal groupings in the way the entity manages its risk. The Board decided to include in the FSP some guidance on how an entity should group similar credit derivatives in complying with its disclosure requirements.

The Board decided to retain the effective date in the proposed FSP. Accordingly, the final FSP will be effective for any reporting period (annual or interim) ending after November 15, 2008.

The Board also decided to include a clarification about the effective date of FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, in this FSP. The clarification would emphasize that Statement 161's disclosures should be provided for any reporting period (annual or interim) that begins after November 15, 2008.

The Board directed the staff to proceed to a drafting of a final FSP for vote by written ballot.