

MINUTES



**To:** Board Members  
**From:** Reager (ext. 393)  
**Subject:** Minutes of September 24, 2008 Board Meeting: Ratification of EITF Consensus and Consensuses-for-Exposure  
**Date:** September 30, 2008  
**cc:** Golden, Bielstein, Stoklosa, Proestakes, Malcolm, Anderson, Bonn, Elsbree, Homant, Inzano, Maples, Mills, Moritz, Reager, Mussatt, Allen, Gabriele, Posta, Chookaszian, Richter, Leisenring, Bean, FASB Intranet

*The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. Official consensus positions of the EITF are presented in EITF meeting minutes and in EITF Abstracts. Board ratification of a consensus-for-exposure permits the exposure of a draft abstract for public comment. Board ratification of an EITF consensus completes the overall due process of developing a consensus as set forth in EITF Abstracts, Topic No. D-1, "Implications and Implementation of an EITF Consensus."*

Topic: Board ratification of the consensus reached on EITF Issue No. 08-5 and the consensuses-for-exposure reached on EITF Issues Nos. 08-6, 08-7, and 08-8

Basis for Discussion: Board Memorandum dated September 16, 2008

Length of Discussion: 1:50 p.m. to 1:56 p.m.

Attendance:

Board members present: Herz, Batavick, Linsmeier, Seidman, and Smith  
Staff in charge of topic: Malcolm  
Other staff at Board table: Golden, Stoklosa, Mussatt, and Reager  
Outside participants: None

Summary of Decisions Reached:

The Board considered and ratified the consensus reached at the September 10, 2008 EITF meeting on Issue No. 08-5, "Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement."

The Board also considered and ratified consensus-for-exposure reached at the September 10, 2008 EITF meeting on Issues No. 08-6, "Equity Method Investment Accounting Considerations," No. 08-7, "Accounting for Defensive Intangible Assets," and No. 08-8, "Accounting for an Instrument (or an Embedded Feature) with a Settlement Amount That Is Based on the Stock of an Entity's Consolidated Subsidiary."

Objective of Meeting:

The objective of the meeting was for the Board to ratify the consensus reached on one Issue and the consensus-for-exposure reached on three Issues. The objective of the meeting was met.

Matters Discussed and Decisions Reached:

**RATIFICATION OF CONSENSUS**

**Issue No. 08-5, "Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement"**

1. Ms. Malcolm stated that the objective of Issue 08-5 is to determine the issuer's unit of accounting for a liability that is issued with an inseparable third-party credit enhancement when it is recognized or disclosed at fair value on a recurring basis. She said that the Task Force affirmed as a consensus the consensus-for-exposure previously reached at the June 12, 2008 EITF meeting and exposed for public comment. Ms. Malcolm stated that the Task Force clarified that the scope of this Issue applies to all liabilities issued with third-party credit enhancements and that the Task Force changed the effective date to require that the consensus be applied prospectively in the first reporting period beginning on or after December 15, 2008.

**Issue 08-5 Board Vote**

2. The Board agreed to ratify the consensus reached in Issue 08-5 (no Board members objected).

**Ratification of Consensus Board Comments**

3. Ms. Seidman asked about the transition for Issue 08-5. Ms. Malcolm stated that the transition is prospective with the effect of initially applying the guidance in Issue 08-5 included in the change in fair value in the period of adoption similar to the Statement 157 transition. Ms. Seidman asked when Issue 08-5 would be effective for an investment bank with a November year-end. Ms. Malcolm said that Issue 08-5 would be effective in the investment bank's second fiscal quarter.

**RATIFICATION OF CONSENSUSES-FOR-EXPOSURE**

**Issue No. 08-6, "Equity Method Investment Accounting Considerations"**

**Issue 08-6 Board Vote**

4. The Board agreed to ratify the consensus-for-exposure reached in Issue 08-6 (no Board members objected).

**Issue No. 08-7, "Accounting for Defensive Intangible Assets"**

**Issue 08-7 Board Vote**

5. The Board agreed to ratify the consensus-for-exposure reached in Issue 08-7 (no Board members objected).

**Issue No. 08-8, "Accounting for an Instrument (or an Embedded Feature) with a Settlement Amount That Is Based on the Stock of an Entity's Consolidated Subsidiary"**

**Issue 08-8 Board Vote**

6. The Board agreed to ratify the consensus-for-exposure reached in Issue 08-8 (no Board members objected).

**Ratification of Consensuses-for-Exposure Board Comments**

7. Ms. Malcolm stated that the staff would post each of the three draft abstracts by October 2, 2008, and have a comment letter deadline of October 22, 2008, which would be a three week exposure period. She said that the comment letter deadline of October 22<sup>nd</sup> is to ensure that the staff has enough time to analyze any comment letters received on those Issues prior to the November 13, 2008 EITF meeting. Ms. Malcolm said that the comment letter deadline of October 22<sup>nd</sup> would give the staff one week to analyze the comment letters because the EITF materials are sent to Task Force members two weeks prior to the EITF meeting.
  
8. Ms. Seidman asked if there are any urgent issues in the consensuses-for-exposure. Mr. Golden stated that all three of the consensuses-for-exposure relate to the effective date of Statement 141(R) and Statement 160 so it would be preferable to ratify the consensuses for Issues Nos. 08-6, 08-7, and 08-8 following the November EITF meeting. Mr. Golden said that he did not expect the consensuses-for-exposure in Issues Nos. 08-6, 08-7, or 08-8 to be controversial. He said that if the staff receives a large number of comment letters relating to any of the consensuses-for-exposure, then a consensus-for-exposure could be reexamined at a later EITF meeting.

Follow-up Items:

9. None

General Announcements:

10. None