

Summary of Decisions Reached—FASB Board Meeting 7-30-08

At the July 30, 2008 meeting, the Board discussed the transition and effective date for the proposed amendments to FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, and FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*. The Board unanimously decided to change its tentative decisions reached at the June 11, 2008 Board meeting regarding transition and effective date to a single effective date for fiscal years beginning after November 15, 2009. However, the Board also decided to separately issue a FASB Staff Position (FSP) that would require additional disclosures as soon as possible (see below).

The Board clarified that the initial consolidation of a variable interest entity as a result of the initial application of the proposed amendments to Interpretation 46(R) would require an enterprise to initially measure all assets and liabilities at fair value, with any difference being recorded as a cumulative effect adjustment to retained earnings that would be recorded as of the beginning of the first fiscal year in which the proposed amendments are initially applied.

The Board decided that many of the disclosures approved for the proposed amendments to Statement 140 and Interpretation 46(R) at the June 4, 2008 Board meeting will be included in a separate FSP. In addition, the Board decided that the proposed FSP will require a non-transferor enterprise that holds a significant variable interest in a qualifying special-purpose entity to make certain disclosures required by the proposed amendments to the Interpretation 46(R) disclosures. The Board decided that the proposed FSP will be effective as soon as possible, but no later than the first interim reporting period in 2009. The Board also decided that the proposed FSP will only be applicable to public companies and that the exposure period for the proposed FSP will be 30 days. The purpose of a disclosure-only FSP is to meet financial statement user needs for greater transparency for off-balance sheet transactions as well as to permit preparers and others with adequate time to consider and implement the other proposed amendments to Statement 140 and Interpretation 46(R).

The Board directed the staff to proceed with drafting the proposed FSP for vote by written ballot.