

10.01.08 Proposed FASB Staff Position 157-d, *Determining Fair Value in a Market That's Not Active*
Summary of Decisions Reached

At the October 1, 2008 Board meeting, Mr. Herz announced that the rules of procedure governing the length of comment periods have been temporarily modified to allow a window of time within which the FASB can act, in the best interest of investors and the capital markets, to provide needed guidance.

As part of its discussions surrounding proposed FSP FAS 157-d, the Board agreed that the additional guidance afforded by this FSP is needed to aid practitioners in estimating the fair value of assets in markets that are not active via application of the principles contained in FASB Statement No. 157, *Fair Value Measurements*. The Board agreed to make proposed FSP FAS 157-d effective upon issuance; if the proposed FSP is finalized in time, entities with a calendar year-end would apply the guidance in their third-quarter financial statements.

In addition, the Board accepted the staff recommendation that the following transition guidance be provided in the proposed FSP:

- Any changes in fair value would be included in an entity's financial results; for example, entities with a calendar year-end would include any changes in fair value in their third-quarter results.
- Retrospective application of the guidance to prior periods would be prohibited.

The Exposure Draft of the proposed FSP FAS 157-d will be open to comment during the period of October 2, 2008 to October 9, 2008. A second Board meeting will be held on October 10, 2008, to discuss the comments received in response to the Exposure Draft of the proposed FSP FAS 157-d and any additional matters.