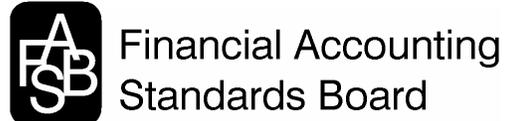


MINUTES



**To:** Board Members

**From:** Donoghue (ext. 374), Lusniak (ext. 214), Detling (ext. 354)

**Subject:** Minutes of the May 30, 2007 Board Meeting—Transfers with Repurchase Financing Agreements: Effective Date and Transition **Date:** June 13, 2007

**cc:** L. Smith, MacDonald, R. Golden, Bielstein, Leisenring, Lott, 140 Project Team, Chookaszian, Polley, Gabriele, Allen, Sutay, Jacobs, FASB Intranet

*The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue a final Statement, Interpretation, or FASB Staff Position.*

Topic: Transfers with Repurchase Financing Agreements: Effective Date and Transition

Basis for Discussion: Memorandum 75, dated May 17, 2007

Length of Discussion: 9:30 a.m. to 9:45 a.m

Attendance:

Board members present: Herz, Batavick, Crooch, Linsmeier, Seidman, Trott, and Young

Board members absent: none

Staff in charge of topic: Donoghue, Lusniak

Other staff at Board table: R. Golden, Hoyt, Jacobs, and L. Smith

Outside participants: none

Summary of Decisions Reached:

The Board decided on the effective date and transition provisions for the proposed FASB Staff Position which will provide guidance relating to transactions involving a transfer of a financial asset and a repurchase financing of that asset that involve the same parties to the initial transfer. Guidance in the FSP will be applied prospectively to new transactions and to outstanding repurchase agreements as of the beginning of the first fiscal year following the issuance date of the FSP. Early adoption will not be permitted in order to ensure consistency in application.

Objective of the Meeting:

The objective of the meeting was for the Board to decide on the effective date and transition provisions for the proposed FSP. The objective of the meeting was met.

Matters Discussed and Decisions Reached:

**INTRODUCTION**

1. Ms. Lusniak began the discussion by explaining the objective of the meeting. The staff presented the following alternatives to the Board:
  - a. Prospective application only to new transactions entered into after the effective date
  - b. Prospective application to new transactions plus transactions that are modified on or after the effective date
  - c. Prospective application to new transactions plus transactions that are modified after the effective date and to outstanding repurchase agreements as of the effective date
  - d. Retrospective application to all transactions.
2. Ms. Lusniak explained that the staff recommended Alternative C. She explained that the staff considered the length of the transactions and the effect of the change in accounting for the transactions on the income statement and

balance sheet and believes that retrospective application is not practicable or cost beneficial.

3. Ms. Lusniak also stated that the staff recommended that the guidance become effective at the beginning of the first fiscal year after the issuance of the FSP to ensure consistent application within a fiscal year. In addition, she stated that the staff recommended early adoption not be permitted to promote comparability among entities.

### **BOARD DELIBERATION**

4. Mr. Trott questioned whether requiring application of the new guidance to outstanding transactions would be operable for a November 30 year-end company given the recommended effective date and timeline for the project. Ms. Lusniak stated that the issue Mr. Trott had raised would be addressed by Alternative B.

5. Ms. Seidman stated that a significant issue is how long it will take for entities to develop systems to identify which transactions will be affected by this guidance. Another issue is whether significant additional complications would arise if the guidance were applied to outstanding transactions. Ms. Donoghue explained that the staff is planning to include a notice to recipients when the proposed FSP is exposed. The staff had planned to ask in the notice how difficult it will be for companies to implement the standard.

6. Mr. Linsmeier stated that the implementation questions regarding the application of the standard to outstanding transactions would be incremental to the major effort to address new transactions after the effective date. He stated that it is important that the Board consider the additional information received after the proposed FSP is exposed in determining whether the guidance should be applied to outstanding transactions.

7. The Board agreed with the staff recommendation of Alternative C. Messrs. Crooch and Trott supported Alternative B. The Board agreed that the guidance should be effective for the first fiscal year after the issuance of the FSP with early adoption prohibited.

Follow-up Items:

None.

General Announcements:

None.