MINUTES

Financial Accounting Standards Board

To: FASB Board Members

From: FAS 157 Team
(Clark x443)

Subject: Minutes of the April 2, 2009 Board Meeting: Proposed FSP FAS 157-e, *Determining Whether a Market is Not Active and a Transaction is Not Distressed*

Date: April 15, 2009

cc: FASB: Golden, Bielstein, Proestakes, Stoklosa, Mechanick, Anderson, Glotzer, Chookaszian, Posta, Lott, C. Smith, Gabriele, Inzano, Maples, Sutay, Mills, FASB Intranet, Clark, Martin, Klimek, McGarity; GASB: Reese, Schermann; IASB: Leisenring

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: Proposed FSP FAS 157-e, *Determining Whether a Market is Not Active and a Transaction is Not Distressed*

Basis for Discussion: Proposed FSP FAS 157-e and the comment letters received in response to the proposed FSP

Length of Discussion: 8:00 a.m. – 8:45 a.m.

Attendance:

Board members present: FASB: Herz, Linsmeier, Seidman, Siegel, and L. Smith

Board members participating by phone: None

Board members absent: None

Staff in charge of topic: FASB: Anderson, Mills, Inzano

Other staff at Board table: FASB: Golden, Stoklosa, C. Smith, Brickman, Maroney, Clark, Martin

Summary of Decisions Reached

The Board discussed comment letters received on proposed FSP FAS 157-e, *Determining Whether a Market Is Not Active and a Transaction Is Not Distressed.* In response to comment letters and additional feedback received, the Board decided to make significant revisions to the proposed FSP. The Board decided that the final FSP would:

1. Affirm that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions (that is, in the inactive market).
2. Clarify and include additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for that asset is not active.
3. Eliminate the proposed presumption that all transactions are distressed (not orderly) unless proven otherwise. The FSP will instead require an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence.
4. Include an example that provides additional explanation on estimating fair value when the market activity for an asset has declined significantly.
5. Require an entity to disclose a change in valuation technique (and the related inputs) resulting from the application of the FSP and to quantify its effects, if practicable.
6. Apply to all fair value measurements when appropriate.

The Board also affirmed its previous decision that the FSP would be applied prospectively and that retrospective application would not be permitted. The Board decided that the FSP would be effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Board decided that an entity early adopting this FSP must also early adopt FSP FAS 115-2, FAS 124-2, and EITF 99-20-2, *Recognition and Presentation of Other-Than-Temporary Impairments.* Additionally, if the entity elects to early adopt FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments,* it must also elect to early adopt this FSP and FSP FAS 115-2, FAS 124-2, and EITF 99-20-2.

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

Objective of Meeting

The objectives of this meeting were to discuss (a) the comments received in response to proposed FSP FAS 157-e, *Determining Whether A Market Is Not Active and a Transaction Is*

Not Distressed, (b) any necessary adjustments to the proposed FSP as a result of the comments received, and (c) whether the proposed FSP should be issued as a final FSP, subject to those adjustments. The objectives were met.

<u>Matters Discussed and Decisions Reached</u>

1. Mr. Herz began the meeting by providing background into the FASB's activities around the project. He stated that on March 17, 2009, the Board posted two proposals for comment—one on determining whether a market is not active and a transaction is not distressed and the other on other-than-temporary impairments. He added that the staff has received hundreds of comment letters on both proposals and has held numerous meetings with a variety of interested parties. In addition, the staff and Board members did extensive investor outreach particularly focused on major investors in financial institutions. He stated that the input the FASB has received has been extensive and its work over the past two weeks has been intensive.

2. Mr. Herz stated that in early 2009, the FASB also issued a proposal for comment regarding interim disclosures about the fair value of financial instruments which would change annual fair value measurement disclosure requirements to quarterly requirements. He added that the FASB also received numerous comment letters on this proposal.

3. Mr. Herz noted that the FASB has a major project with the IASB to comprehensively revise the accounting for financial instruments, the focus of which will include topics such as measurement, classification, and impairment. This project will be a major focus for both Boards over the coming months. He added that it is his hope that the Boards can issue a proposal for comment toward the end of 2009 that represents a revamp of the accounting for financial instruments which dates back to the early nineties (after the U.S. savings and loan crisis).

4. Mr. Herz thanked his fellow Board members and the staff for their hard work over the past few weeks.

5. Mr. Golden stated that some board members want to consider linking the effective dates of FASB Staff Position (FSP) FAS 157-e, *Determining Whether A Market Is Not Active and a Transaction Is Not Distressed*, FSP FAS 115-a, FAS 124-a, and EITF 99-20-b, *Recognition*

and Presentation of Other-Than-Temporary Impairments, and *FSP FAS 107-b and APB 28-a, Interim Disclosures about Fair Value of Financial Instruments*. He added that the discussion of the effective date will be deferred until FSP FAS 107-b and APB 28-a has been discussed.

6. Mr. Mills stated that the staff will present the major comments received in response to proposed FSP FAS 157-e. He stated that the proposed FSP was issued on March 17, 2009 for a 15-day comment period which ended on April 1, 2009. As of 5:00 p.m. on April 1, 2009, the FASB had received over 300 comment letters.
7. Mr. Mills stated that generally, preparers and business and industry organizations expressed support for additional application guidance on fair value measurements, but many noted specific concerns with the proposed FSP regarding the understandability and operationality of the Board's intended guidance. He added that many other respondents were not supportive of the proposed FSP primarily because they thought that the objective of the proposed FSP was not articulated clearly and that there could be unintended consequences. He stated that those respondents also expressed concern that the guidance would result in a relaxation of fair value requirements and would reduce consistency and comparability in financial statements.

OBJECTIVE OF THE FSP

8. Mr. Mills stated that the most significant comment provided by many constituents related to the Board's objective of a fair value measurement described in the proposed FSP. Specifically, respondents were confused by the example included in the proposed FSP and they questioned whether the Board intended to change the objective of a fair value measurement when the market for the asset is not active.
9. Mr. Mills stated that respondents raised questions about whether the fair value measurement objective in an inactive market is:
    a. Fair value in the current inactive market
    b. A hypothetical fair value in an active market (that is, a "normally active and functioning market")
    c. The midpoint between those two measurements (a and b).

10. Mr. Mills stated that the staff does not believe the Board's intent was to change the objective of a fair value measurement. He added that the staff believes determining fair value in a market where there has been a significant decrease in the volume and level of activity for the asset at the measurement date is inherently complex, depends on the facts and circumstances, and involves significant judgment.
11. The staff recommended that the proposed FSP emphasize the objective of a fair value measurement in a market that is not active. The proposed FSP would reiterate that even when there has been a significant decrease in market activity for the asset, the objective of a fair value measurement remains the same— fair value is the price that would be received to sell the asset in an orderly transaction (not a forced liquidation or distressed transaction) between market participants at the measurement date in the current inactive market. The staff also recommended that the Board consider highlighting and expanding on the relevant principles in Statement 157 that should be considered in estimating fair value when there has been a significant decrease in market activity for the asset.
12. **Board vote:** All Board members agreed.

13. **Board comments:** Mr. Smith emphasized that the fair value objective relates to the fair value *at the measurement date in the current market*--something not clearly communicated by the proposed FSP.

14. Mr**.** Siegel agreed that the proposed FSP was not clear regarding the objective of the measurement. He added that the feedback received from respondents was varied in terms of whether the measurement was one being made in a hypothetical market that doesn't currently exist or in a "normal" market, or whether it was merely the midpoint (based on the example). He added that he agrees with the staff's recommendation.

15. Ms. Seidman stated that she agrees with the staff's recommendation. She stated that the final FSP should use the exact words included in the Board meeting handout and not rely on constituents to read all of the paragraphs in Statement 157. Mr. Linsmeier agreed with Ms. Seidman. He stated that the proposed FSP went too far in saying that all observed transaction prices in these (inactive) markets need adjustment. He added that he does not believe nor does he think that other Board members believe that the circumstance in which

all observable prices need adjustment exists. He emphasized the need to use judgment to determine whether transaction prices need adjustment.

FACTORS THAT INDICATE THERE HAS BEEN A SIGNIFICANT DECREASE IN THE VOLUME AND LEVEL OF ACTIVITY FOR THE ASSET IN A MARKET THAT IS NOT ACTIVE

16. Mr. Mills stated that the second major comment relates to the factors in the proposed FSP for determining when a market is not active. He stated that respondents were largely in agreement that the factors included in the proposed FSP indicating that the market for an asset is not active are appropriate. He added that some respondents requested clarification of some of the factors or suggested additional factors.
17. Mr. Mills stated that many respondents commented on a possible unintended consequence of issuing the proposed FSP as drafted. He stated that in circumstances where assets that normally transact in a market that is not active, constituents suggested that the proposed FSP, as written, would require adjustment of the prices observed in such markets. However, Mr. Mills stated that the Board's intent was not to require entities to disregard relevant market information when transactions that occur in an inactive market are relevant inputs to a fair value measurement. He added that the staff focused on the wording *a significant decrease in the volume and level of activity* to emphasize the Board's intent.
18. **Board vote:** All Board members agreed.

19. **Board comments:** Mr. Herz asked the staff if they intended to add another factor. Mr. Mills stated that the staff proposed adding the following factor: a significant decline or absence of a market for new issuances. He added that a circumstance in which there previously was a primary market for an asset which currently has no secondary market could indicate that there has been a significant decrease in the volume and level of activity for the asset in relation to normal market activity for the asset. Mr. Herz stated that a number of respondents to the proposed FSP raised that point in their comment letters.

20. Mr. Linsmeier emphasized that the decision to be made is not one of whether the market is active or inactive, but rather when has there been a significant move towards inactivity.

CHARACTERISTICS OF A TRANSACTION THAT IS NOT ORDERLY

21. Mr. Mills stated that many respondents were concerned by the presumption that all transactions in an inactive market are distressed unless there is evidence a transaction was not distressed. He added that some respondents suggested that the presumption would enable reporting entities to ignore relevant market data; other respondents highlighted that there may be unintended consequences because the presumption would potentially force reporting entities to dismiss quoted prices provided by pricing services and other third parties or otherwise exclude relevant market data. He stated that some respondents also expressed concerns that the proposed FSP could significantly increase the occurrence of "day 1 gains," which might occur if an entity were to purchase an asset at the presumed distressed price and then mark the value of an asset to a model price.
22. Mr. Mills stated that other respondents support the presumption because they believe that the presumption would take the focus off of the "last transaction price" or reduce the perceived over-reliance on individual transaction prices in an inactive market. He added that even those constituents that supported the presumption seemed to be concerned about the elements (sufficient time to market and multiple bidders) because they indicated that even in circumstances where these elements exist, a transaction can still be distressed. He stated that constituents most often cited the example of a receivership situation in which a government entity has sufficient time to market to multiple bidders, but due to the circumstances, bidders frequently submit low bids.
23. The staff recommended that the presumption that all transactions are distressed unless proven otherwise be removed. The staff also recommended that the Board require that entities consider whether there are circumstances that indicate that a transaction is not orderly. Those circumstances could include:
    a. The seller is in or near bankruptcy or receivership or the seller was required to sell to meet regulatory requirements.
    b. There was a usual and customary marketing period, but the seller marketed the asset to a single market participant.
    c. The transaction price is an outlier relative to other contemporaneous similar transactions.
24. Mr. Mills stated that the staff suggests additional guidance requiring that an entity weigh the

evidence to conclude whether a transaction is not orderly. In situations where a quoted price is not representative of an orderly transaction, that price would not be determinative of fair value or market participant risk premiums. In circumstances where an entity did not have sufficient information to conclude whether a transaction is or is not orderly, further analysis of transactions or quoted prices is needed and a significant adjustment to the transactions may be necessary to estimate fair value. Mr. Mills added that the staff believes that a reporting entity that is party to a transaction ordinarily has sufficient information to conclude whether a transaction is orderly.

25. **Board vote:** All Board members agreed.

26. **Board comments:** Ms. Seidman stated that within hours of proposed FSP being posted to the FASB's external website, she had received feedback indicating that the presumption would cause significant confusion and unintended consequences; therefore, she agrees with the staff's recommendation. She added that it was not the Board's intent to change the exit price notion by including the presumption in the proposed FSP. Rather, the purpose of presumption was to create more specific guidance for when an entity would not automatically use a transaction price. She added that the guidance "overshot the mark" with the inclusion of the presumption that all transactions in an inactive market are distressed.

27. Ms. Seidman stated that in circumstances where the factors indicate that a market has dropped significantly in volume and level of activity, an entity must do additional analysis regarding whether observable transaction prices are relevant indications of the fair value of the position that an entity holds. She added that the Board intended to provide guidance discussing how to weight various inputs and come to conclusion about the use of the observable price(s) and consider the use of other valuation techniques to estimate fair value. She added that the proposed FSP, as issued, did not communicate the Board's intent; however, the staff's suggested revisions represent improvements to the intended message and to the guidance for estimating fair value in these difficult times.

28. Mr. Siegel stated that he shared Ms. Seidman's view regarding "overshooting the mark" with the presumption that all transactions are distressed unless it can be proven otherwise. He added that the intent is to communicate that once an entity determines that the market for an asset is inactive, the fair value measurement objective remains the same--an exit price notion

in the current market. He added that an entity must examine observable inputs and weight the evidence to be sure that the measurement is indicative of what the entity would expect to sell the asset for in an orderly transaction in the current market.

29. Mr. Smith and Mr. Linsmeier stated that they agree with Mr. Siegel's comments. Mr. Linsmeier added that the combination of forcing adjustment of prices and presuming transactions are distressed are the two areas in which the Board "overshot the mark". He added that the Board's intent is that in circumstances where a practitioner is not sure if an observable price is orderly, additional work needs to be done to decide whether any observed price is consistent with the fair value objective.

30. Mr. Linsmeier stated that perhaps one of the unintended consequences of the proposed FSP is that an observed price provided by a pricing service that estimates a value using a model that rigorously tries to understand the economics of transactions would not be an acceptable price. He added that it was not the Board's intent for companies to exclude relevant information provided by pricing services or broker quotes from fair value estimates. However, at the same time, that does not mean that every pricing service meets the fair value objective of Statement 157, but those services that have established thorough, well-documented valuation processes and that consider the objective of a fair value measurement might be very good evidence to use in determining fair value.

31. Mr. Herz suggested that the staff consider an additional factor that might indicate a transaction is distressed. Mr. Herz stated that this potential factor is when there is not the customary and usual marketing period for the particular asset being sold. He also stated that the FASB had received comment letters from the Investment Company Institute and a number of mutual fund companies that expressed concern over a potential conflict that the proposed FSP could create with Accounting Series Release (ASR) 118, Investment Company Release No. 6295. He added that he wanted to make sure that the staff was aware of those concerns and that the final guidance did not conflict with ASR 118. Mr. Linsmeier stated that he perceived the staff's revised guidance to be consistent with ASR 118. Mr. Golden stated that he had reached out to one of the constituents that sent the FASB a comment letter. He discussed the staff's revised proposal to the constituent and the constituent did not note a conflict with ASR 118.

32. Mr. Herz stated that, as Mr. Siegel and Mr. Linsmeier mentioned, it is important that the proposed FSP states that it is appropriate for an entity to use other valuation techniques in circumstances in which the market has become significantly inactive, including an appropriate discounted cash flow model. He added that the example in the final FSP will be similar to the one in the proposed FSP, with a few different points of emphasis. Mr. Linsmeier added that it will also be clear that the example is consistent with the Board's conclusions.

EXAMPLE

33. Mr. Mills stated that many respondents focused on the example and how the relative indications of fair value were weighted. He added that the rationale behind the example is extremely important.

34. **Board vote:** All Board members agreed.

35. **Board comments:** Mr. Herz stated that the use of a midpoint as the appropriate discount rate confused constituents. Mr. Linsmeier stated that the message of the final FSP will not be that an entity should automatically use the midpoint as the appropriate discount rate, but rather that an entity should use the inputs necessary to reach the best estimate of fair value.

36. Ms. Seidman stated that the FASB received a number of comments regarding how to clarify the objective of the example and suggested that the staff utilize the comments in redrafting the final FSP.

DISCLOSURES

37. Mr. Mills stated that investors, nearly unanimously, requested additional information about how fair value measurements are estimated. Investors stated that the current fair value disclosures are too aggregated to be meaningful.
38. Mr. Mills stated that the staff is recommending that, at a minimum, the Board require reporting entities to disclose a change in valuation technique and related inputs resulting from the application of the FSP and quantify its effects, if practicable.
39. To address the issue of aggregation, the staff also recommended that the Board require that reporting entities determine *major categories* (that is, the level of detail of the Statement 157 disclosures) using other applicable accounting standards requiring disclosure of major

categories (for example, paragraph 19 of FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities* and paragraph 44C of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*). Mr. Mills stated that currently *major category*, as used in Statement 157, is generally applied in practice at the balance sheet line item level; investors have indicated that the categories used in Statement 115, for example, would provide more decision-useful information. However, he questioned whether the Board should require additional disaggregation in the proposed FSP or at a later time. He stated that the staff has a separate project underway to review Statement 157 disclosures, so the level of disaggregation could also be addressed in that project.

40. **Board vote:** All Board members agreed to proceed with additional fair value disclosures in the final FSP.

41. **Board comments:** Mr. Smith asked the staff for an update on the timing of the project relating to disclosures about fair value measurements. Mr. Golden stated that the staff had completed the analysis and is targeting issuance of a proposed FSP in the second quarter of 2009. He added that the project could be accelerated, however.

42. Mr. Golden stated that he wanted to give insight into the rationale behind the staff's recommendation. He stated that the FASB completed an extensive investor outreach. Staff and Board members met with over 40 institutional investors (representing investors that held long and short positions, rating agencies, and hedge funds invested in banks and other financial institutions) to discuss their views regarding the proposed FSPs on other-than-temporary impairments and determining whether a market is not active and a transaction is not distressed. He added that while the investors' views regarding the guidance in the proposed FSPs were varied, the investors were almost unanimous about the need for additional disclosures relative to both FSPs. He stated that the investors communicated that they need a more thorough understanding about the valuation techniques and significant assumptions used to estimate fair value, by class, so that they can make more informed decisions. He added that without the additional disclosures, the investors suggested that there could be greater uncertainty in the investor community.

43. Mr. Herz stated that he had the opportunity to participate in many of those meetings and emphasized that the overwhelming point of consensus among those investors is that existing

disclosures by financial institutions, particularly disclosures of information pertaining to "troubled securities", are not adequate.

44. Mr. Linsmeier stated that given the consensus among investors and their comments during the meetings, he is uncomfortable deferring the requirement that an entity disclose its holdings in a more disaggregated manner (by class of instruments) into the fair value measurements disclosure project. He added that the next project will encompass forward-looking risk disclosures that will have to be deliberated further; it will serve capital markets better if the disaggregation requirement is included in the current proposed FSP.
45. Ms. Seidman stated that she agrees with Mr. Linsmeier's remarks. She added that she has no concerns with respect to requiring a greater degree of disaggregation with respect to securities within the scope of Statement 115. However, she stated that she is not fully appreciative of the level of detail that would be required if the Board were to include the disaggregation requirement in this proposed FSP by reference to other generally accepted accounting principles.
46. Mr. Mills stated that the staff believes that the proposed disclosure requirements would only require an entity to disclose additional information that it presumably already has to have available. He added, however, that the requirement may require systems changes which could take additional effort by the entity to implement the proposed FSP. He agreed with Ms. Seidman's point that the staff does not know what level of detail would be required as a result of the disaggregation requirement (that is, how many additional line items would be presented). Mr. Anderson added that the staff was mainly concerned with the disclosure requirement impairing the ability of an entity to adopt the proposed FSP early rather than with the level of detail that would be presented as a result of the disaggregation requirement.
47. Mr. Linsmeier stated that there are several options to be discussed with regard to the effective date. He stated that, for example, the proposed FSP could require an entity to disaggregate its holdings by nature, type, and risk for the second quarter of this year, but allow the entity to make its best efforts to meet the requirements of the FSP for the first quarter, if the entity elected to early adopt the FSP. He added that it is not clear in the meeting documents that securities would be disaggregated not only in terms of whether they are debt or equity securities, but also in terms of nature and risk. That is, equity securities would be disaggregated by industry type, company size, or investment objective (if those areas

represent concentrations of risk). Moreover, different forms of debt securities would be disaggregated by issuing governmental agency (for example, U.S. Treasury, state and local, and foreign) with separate presentation of residential mortgage-backed securities, commercial mortgage-backed securities, and collateralized debt obligation securities.

48. Mr. Siegel stated that he agrees with the proposed disclosures. He added that, with respect to investor feedback and outreach, he reached out via email to several hundred users of financial statements including money managers, analysts at insurance companies, members of the valuation community, institutional investors (private equity and others) and received feedback from about 10 percent of the people he reached out to (the majority of which was shared with other Board members). He stated that a vast majority, if not 100 percent, commented on the need for more disclosures and the lack of confidence investors have in entities' balance sheets. He stated that an investor on the Financial Accounting Standards Advisory Council (FASAC) recommended, half-heartedly, creating a schedule D (like that from an insurance book) that would serve to inventory all the securities that are at a bank so that an investor can understand the fair values. Mr. Siegel encouraged the Board to expedite the project relating to fair value measurement disclosures.

49. Mr. Golden stated the Board must first decide whether to require a greater degree of disaggregation. The Board could then discuss the timing of the requirement. Mr. Smith stated that the Board does not want to defer the requirement. However, he stated that from a practical standpoint, the Board would have to determine whether it is acceptable to postpone the disclosure requirement for those who want to adopt the proposed FSP early, but do not have the resources to prepare the required disclosures.

SCOPE

50. Mr. Mills stated that some respondents questioned why the scope of the proposed FSP is limited to financial assets. He stated that one respondent suggested that the proposed FSP apply to liabilities measured at fair value on a recurring basis. This respondent cited that the limited scope could result in a derivative that is in an asset position one period being measured differently when the derivative is in a liability position in a subsequent period. He added that other respondents indicated that the proposed FSP should apply to all fair value measurements; other respondents were concerned by the potential broadening of the FSP's scope if the Board’s intention is that an exit price is no longer required when the

measurement is within the scope of the FSP.

51. The staff recommended that the scope not be limited to financial assets. Mr. Anderson clarified that the FSP would apply to all liabilities and assets that are required to be measured at fair value in cases where the volume and level of activity has significantly declined.

52. **Board vote:** All Board members agreed.

53. **Board comments:** Mr. Smith asked how the proposed FSP would interact with proposed FASB Staff Position (FSP) 157-c, *Measuring Liabilities Under FASB Statement No. 157*. Mr. Golden stated that the staff and Board would pause and make sure they are comfortable with the drafting language of proposed FSP 157-c. He added that that FSP states that one way to measure liabilities is to look at the corresponding asset; therefore, there is some linkage between the two proposed FSPs. He added that the plan is for the staff and Board to review both pieces of guidance and continue with the balloting process of proposed FSP 157-e. The recommended scope modification is due to the fact that there could be derivative liabilities that normally trade in active markets and those markets could have a significant change in volume. In those circumstances, the guidance in the proposed FSP would apply.

54. Mr. Herz stated that the staff draft of the proposed FSP is couched in terms of financial assets. He asked Mr. Anderson if he is comfortable with applying the guidance in the proposed FSP in valuing nonfinancial assets such as intangible assets. Mr. Anderson stated that he is comfortable because for most nonfinancial assets, practitioners and preparers are already doing what the revised FSP requires. That is, practitioners and preparers utilize multiple valuation techniques and weight the indications of fair value to determine what the most appropriate point within the range or point estimate is. He stated that for intangibles and other types of nonfinancial assets, the guidance would still apply. Mr. Linsmeier added that the staff and some members of the Board explored whether guidance would work for nonfinancial assets or liabilities extensively with members of the FASB's Valuation Resource Group.

EFFECTIVE DATE

55. The effective date of the proposed FSP was discussed in conjunction with the effective dates of proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b and FSP FAS 107-b and APB 28-a. See the April 2, 2009 meeting minutes for proposed FSP FAS 107-b and APB 28-a.

TRANSITION

56. The staff recommended a prospective transition with retrospective application prohibited.

57. **Board vote:** All Board members agreed.

PERMISSION TO BALLOT

58. Mr. Golden asked Board members to give the staff permission to proceed with a draft of the final FSP for vote by written ballot.

59. **Board vote:** The Board granted the staff permission to proceed with the ballot process.

<u>Follow-up Items</u>

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

<u>General Announcements</u>

None.