

MINUTES



To: FASB Board Members

From: Consolidations Team (Phillips, x443)

Subject: Minutes of the May 19, 2010 Board Meeting: Consolidations **Date:** May 24, 2010

cc: FASB: Golden, Bielstein, Lott, Proestakes, Stoklosa, Mechanick, Roberge, Farber, Phillips, Andrews, C. Smith, Brickman, Hood, Glotzer, Gabriele, Sutay, FASB Intranet, McGarity, Klimek FASAC: Chookaszian, Posta, Guasp; GASB: Finden, Avis; IASB: Leisenring, Francis, Knubley, Lian, Vatrenejak, Kim

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 an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Consolidations

Basis for Discussion: FASB Memo No. 26—Investment companies—Sweep issues relating to the accounting by a parent of an investment company

FASB Memo No. 27—Agency relationships—Regulated funds

Length of Discussion: 7:15 AM to 8:30 AM (EDT)

Attendance:

Board members present: IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Garnet, Gélard, Gomes, Kalavacherla, Leisenring, McConnell, McGregor, J. Smith, Yamada, and Zhang

FASB: Herz, Linsmeier, Seidman, Siegel, L. Smith

Board members absent: None

Staff in charge of topic: FASB: Roberge
IASB: Buchanan

Other staff at Board table: IASB: Teixeira, Lloyd, Buschhueter, and Ruane

Staff participating via videoconference:

FASB: Golden, Stoklosa, Farber, Andrews, and Phillips

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a proposed Accounting Standards Update addressing consolidations.

The Board's technical plan calls for the document to be issued in August 2010.

Summary of Decisions Reached:

The Boards discussed two issues relating to the consolidation project and tentatively made the following decisions:

1. A decision-maker should assess whether it controls regulated funds that it manages. It should make this assessment by using the agency guidance that applies to all decision-makers that have been delegated decision-making authority. Consequently, there is no need to include specific guidance for regulated funds.
2. When preparing its consolidated financial statements, the parent of an investment company (if it is not an investment company itself) shall be prohibited from retaining the fair value accounting that is applied by an investment company subsidiary to that investment company's controlled investees.

Accordingly, a parent of an investment company should consolidate all entities that it controls, including those that are controlled by an investment company subsidiary, unless that parent is an investment company itself. The Boards affirmed their previous tentative decision that an investment company should be required to measure investment in entities that it controls at fair value through profit or loss. See the April 19-23, 2010 IASB Update regarding the criteria that

must be met for an entity to be considered an investment company. The Boards will discuss separate presentation and transition at future meetings.

General Announcements: None