

MINUTES



Financial Accounting
Standards Board

To: Board Members
From: Emissions Trading Schemes Team
September 15, 2010
Subject: Minutes of Board Meeting: Emission Trading Schemes **Date:** September 16, 2010
cc: Sutay

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: Emission Trading Schemes
Basis for Discussion: Recognition of Assets and Liabilities
Length of Discussion: 9:45 a.m. to 10:50 a.m.

Attendance:

Board members present: FASB: Herz, Linsmeier, Siegel, Seidman, and Smith
IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Gomes, Kalavacherla, König, McConnell, McGregor, Pacter, Smith, Yamada, and Wei-Guo

Board members absent: None

Staff in charge of topic: IASB: Allison McManus

Other staff at Board table: FASB: Leisenring, Golden, Stoklosa, Kuhaneck, Farr, Breen, Hood
IASB: Kusi-Yeboah

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Boards met to discuss issues relating to the development of an Exposure Draft addressing accounting for emission trading schemes. The Board's technical plan calls for that document to be issued in the third quarter of 2011.

Summary of Decisions Reached:

The Boards discussed the initial accounting issues in a cap and trade scheme. Specifically, the Boards discussed whether purchased allowances and allowances allocated by the scheme administrator meet the definition of an asset and should be recognized as such in the statement of financial position. The Boards also discussed whether an obligation meeting the definition of a liability exists when an entity is allocated the allowances.

The Boards tentatively decided that purchased and allocated allowances should be recognized as assets.

The Boards tentatively decided that the allocation of allowances creates an obligating event that meets the definition of a liability and should be recognized as such in the statement of financial position.

Next Steps

At future Board meetings, the Boards will discuss the issues of measurement and presentation (including netting) and whether a right to future allocations can be recognized as an asset.

General Announcements: None.