

MINUTES



Financial Accounting
Standards Board

To: Board Members
From: Consolidations Team (Andrews, x354)
Subject: Minutes of the October 13, 2010
Board Meeting: Consolidation – Investment Companies **Date:** October 20, 2010
cc: FASB: Bielstein, Lott, Proestakes, Stoklosa, Mechanick, Roberge, Farber, Andrews, Raichilson, C. Smith, Brickman, Hood, Glotzer, Gabriele, Sutay, FASB Intranet, McGarity, Klimek. FASAC: Chookaszian, Posta, Guasp; GASB: Finden, Avis. IASB: Teixeira, Lloyd, Streckenbach

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: Consolidation – Investment Companies

Basis for Discussion: FASB Memo No. 30 – Summary of Comments from External Reviewers
FASB Memo No. 31 – Transition

Length of Discussion: 8:00 to 9:00 AM (EDT)

Attendance:

Board members present: Golden, Linsmeier, Seidman, Siegel, L. Smith

Board members absent: None

Staff in charge of topic: Farber

Other staff at Board table: Stoklosa, Andrews, Raichilson

IASB Staff participating via videoconference: Streckenbach

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss the transition requirements for investment companies and whether the staff could begin the balloting process for the Exposure Draft addressing Consolidations – Investment Companies.

The Board's technical plan calls for that document to be issued in the fourth quarter of 2010.

Summary of Decisions Reached:

The Board discussed a number of issues raised by constituents related to the definition of an investment company and decided to change its previous tentative decision that a noninvestment company parent should not retain the specialized accounting treatment for an investment company that it consolidates. The Board will discuss its decision to retain the specialized accounting treatment with the IASB at a future meeting.

The Board also discussed the transition requirements for the proposed investment company guidance and decided the following:

1. For entities that a reporting entity is required to consolidate because the reporting entity does not meet the revised definition of an investment company, the reporting entity should apply the revised investment company definition retrospectively, if practicable, for all periods presented. The reporting entity should determine the carrying values of the assets, liabilities, and noncontrolling interests of the subsidiary by applying the business combination guidance in *FASB Accounting Standards Codification*TM Topic 805, Business Combinations.
2. If full retrospective application is not practicable, a reporting entity should apply prospectively the revised investment company definition, using the business combination guidance in Topic 805, to measure the assets, liabilities, and noncontrolling interests of the subsidiary as of the date of adoption of the proposed guidance.
3. Similarly, for entities that the reporting entity is required to account for under the equity method because the entities do not meet the revised definition, the reporting entity should apply the revised investment company definition retrospectively, if practicable, for all periods presented by applying the equity method guidance in Topic 323, Investments—

Equity Method and Joint Ventures.

4. If full retrospective application is not practicable, a reporting entity should apply prospectively the revised investment company definition, using the equity method guidance in Topic 323, as of the date of adoption of the proposed guidance.
5. Early adoption would not be permitted.

General Announcements: The staff announced that the public roundtable meetings to discuss the Staff Draft on consolidated financial statements have been rescheduled from Monday October 25, 2010 to Monday November 22, 2010. Constituents can visit the FASB website for additional details.