

MINUTES



To: FASB Board Members
From: Accounting for Financial Instruments Team
Subject: December 21, 2010 Board Meeting
Minutes: Accounting for Financial Instruments **Date:** February 1, 2011

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: Accounting for Financial Instruments:
Classification and Measurement

Basis for Discussion: Memorandums 73 and 74

Length of Discussion: 9:30 to 11:30 a.m.

Attendance:

Board members present: Seidman, Golden, Linsmeier, Siegel, and Smith
Board members absent: None
Staff in charge of topic: Farr and Laungani
Other staff at Board table: Stoklosa, Couch, Farber, Handy, Roberge, and Sangiuolo
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 final Accounting Standards Update addressing the accounting for financial instruments. The Board's technical plan calls for that document to be issued in the second quarter of 2011.

Summary of Decisions Reached:

The Board discussed risks inherent in financial instruments, how an entity manages those risks, and whether disclosures about those risks should be required in the financial statements. The Board requested the staff to review risk disclosures currently required by various regulatory and accounting bodies and to obtain feedback from users and preparers to develop risk disclosures related to an entity's involvement in financial instruments. However, the Board did not decide whether to include those risk disclosures in the final Accounting Standards Update that will be issued for this project or to issue a separate document for those risk disclosures.

The Board also discussed the primary measurement attributes for financial assets and the criteria for classifying and measuring financial assets. The Board decided to consider amortized cost as an alternative primary measurement attribute to fair value for certain financial assets. The Board decided that both the characteristics of a financial asset and an entity's business strategy for the financial asset should be used as criteria to determine the classification and measurement of financial assets. The Board decided that the business strategy criterion for classification and measurement purposes should incorporate the level of market activity for a financial asset.