

MINUTES



Financial Accounting
Standards Board

To: Board Members
From: Maladtsova (x384)
Subject: Minutes of the July 21, 2011, Joint Board Meeting: Balance Sheet—Offsetting
Date: July 26, 2011
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: Balance Sheet-Offsetting

Basis for Discussion: FASB Memorandum No. 16, Disclosures—Cover Note

FASB Memorandum No. 16A, Disclosures—Scope

FASB Memorandum No. 16B Disclosures—Alternatives

Length of Discussion: 09:30 a.m. to 11:00 a.m. EDT

Attendance:

Board members present: FASB: Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel and L. Smith

IASB: Hoogervorst, Mackintosh, Cooper, Danjou, Engstrom, Finnegan, Gomes, Kalavacherla, Konig, McConnell, Ochi, Pacter, Scott, Smith and Wei-Guo

Staff in charge of topic: IASB: Kusi-Yeboah and Davidson

Staff in charge of topic
via video: FASB: Barker and Maroney

Other staff at Board table: IASB: Lloyd and Cancro
FASB: Cospers and Stoklosa

Other staff via video: FASB: Maladtsova

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Boards met to discuss issues relating to the development of a final Accounting Standards Update addressing offsetting financial assets and derivative assets and financial liabilities and derivative liabilities on the face of the statement of financial position.

The Board's technical plan calls for that document to be issued in the second half of 2011.

Summary of Decisions Reached:

The Boards discussed revisions to the proposed offsetting disclosures. The Boards tentatively decided to (6-1, 15-0):

1. Retain the objective for the offsetting disclosures, namely, that an entity should disclose information about rights of setoff and related arrangements (such as collateral arrangements) associated with the entity's financial assets and financial liabilities to enable users of its financial statements to understand the effect of those rights and arrangements on the entity's financial position
2. Modify the scope of the disclosure requirements such that they apply only to instruments under an enforceable master netting agreement or similar arrangement (for example, derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, and securities lending arrangements)
3. Clarify that an entity need not provide the required disclosures if the entity has no qualifying assets or liabilities that are subject to a right of setoff (other than collateral agreements) at the reporting date.

The Boards also tentatively decided to require entities to disclose the following (6-1, 14-1):

1. The gross amounts of financial assets and financial liabilities
2. The amounts of financial assets and financial liabilities offset in the statement of financial position
3. The net amount after taking in account (1) and (2) (which should be the same as the amounts reported in the statement of financial position)
4. The effect of rights of setoff that are only enforceable and exercisable in bankruptcy, default, or insolvency of either party not taken into account in arriving at the amounts presented in the statement of financial position (including collateral)
5. The net exposure after taking into account the effect of items (2) and (4).

General Announcements: None