MINUTES

Financial Accounting Standards Board

To:	FASB Board Members
From:	Accounting for Financial Instruments Team
Subject:	April 20, 2011 Board Meeting Minutes: Accounting for Financial Instruments
Date:	May 5, 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 Measurment

Basis for Discussion: Memorandums 78 and 78A

Length of Discussion: 9:00 a.m. to 11:15 a.m.

Attendance:

- Board members present: Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel, and Smith
- Staff in charge of topic: Handy and Farr
- Other staff at Board table: Cosper, Stoklosa, Roberge, Laungani, and Gagnon
- 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 half of 2011.

Summary of Decisions Reached:

Accounting for Financial Instruments

The Board discussed the classification and measurement of debt instruments that qualify for the amortized cost category at initial recognition but are subsequently identified for sale. The Board decided that in such circumstances an entity should continue to classify and measure the financial assets at amortized cost (less impairments) and recognize resulting gains, if any, only when the sale is complete. Additionally, the Board decided that in developing an overall impairment model for financial instruments, impairment for financial assets subsequently identified for sale should be recognized in earnings in an amount equal to the entire difference between the instrument's amortized cost basis and its fair value.

The Board also discussed situations in which an entity anticipates that a portion of a pool of similar assets will be sold while the other portion will continue to be managed through its customer financing (lending) activities. However, the individual assets that will be subsequently sold are not specifically identified for sale at initial recognition. The Board reemphasized that in these circumstances an entity must classify and measure all financial instruments according to one of its defined business activities when applying the business strategy criterion. An entity would not be prevented from managing the same or similar financial instruments through different business activities.