

MINUTES



To: FASB Board Members

From: Accounting for Financial Instruments Team

Subject: September 19, 2012 FASB Board Meeting—Accounting for Financial Instruments: Impairment

Date: September 24, 2012

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: Impairment

Basis for Discussion: Memorandum 190

Length of Discussion: 8:04 a.m. to 8:25 a.m. EDT

Attendance:

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

Board members absent: None

Staff in charge of topic: Kane

Other staff at Board table: Stoklosa, McKinney, Shah, Tyson, and Rayfield

Outside participants: Streckenbach (IASB)

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of an Accounting Standards Update addressing the accounting for financial instruments. The Board's technical plan calls for an exposure document to be issued during the fourth quarter of 2012.

Summary of Decisions Reached:

The Board discussed the scope of assets that should apply the Current Expected Credit Loss (CECL) model. The Board tentatively decided that the CECL model should apply to receivables that result from revenue transactions within the scope of Topic 605 (and revenue transactions within the scope of the ongoing Revenue Recognition project), lease receivables recognized by a lessor in accordance with Topic 840 (and lease receivables recognized as a result of the ongoing Leases project), and loan commitments that are not measured at fair value with qualifying changes in fair value recognized in net income (FV-NI). Subject to future discussions in the Insurance project on whether certain guarantees should follow an insurance accounting model, the Board tentatively decided that the CECL model also should apply to financial guarantees that are not remeasured at FV-NI and are not accounted for as insurance.

Seven Board Members voted in favor of this decision.