

MINUTES



**To:** FASB Board Members  
**From:** Accounting for Financial Instruments Team  
**Subject:** January 9, 2013 FASB Board Meeting—Accounting for Financial Instruments: Classification and Measurement  
**Date:** January 16, 2013

*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: Memorandum 221

Length of Discussion: 8:50 a.m. to 9:13 a.m. EDT

Attendance:

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

Board members absent: None

Staff in charge of topic: Shah and Or (by telephone)

Other staff at Board table: Stoklosa, Mechanick, Zimmerman, Brown, and Rayfield

Outside participants: None

**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 in the first quarter of 2013.

**Summary of Decisions Reached:**

The Board decided to extend the practicability exception to fair value for equity securities without a readily determinable fair value to investments in ownership interests in an entity that are not equity securities and not subject to the practical expedient (that is, the net asset value per share expedient) to estimate fair value in accordance with paragraph 820-10-35-59.

Seven Board members voted in favor of this decision.

The Board also decided to extend the previously deliberated impairment guidance for equity securities without a readily determinable fair value measured using the practicability exception to all investments in ownership interests that qualify and are measured pursuant to the practicability exception.

Seven Board members voted in favor of this decision.

The Board decided to retain the guidance for accounting for other investments in Section 958-325-35, Not-for-Profit Entities—Investments—Other—Subsequent Measurement, and limit its scope to (1) investments that qualify for the equity method of accounting and (2) investments that are not financial instruments. Therefore, all such investments, which do not include those of not-for-profit health care entities in the scope of Topic 954, Health Care Entities, would be measured either all at fair value or all at a measurement attribute consistent with the recognition guidance for those investments (that is, equity method of accounting, or cost for nonfinancial instruments).

Seven Board members voted in favor of this decision.