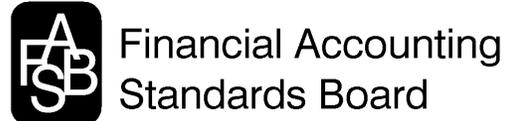


MINUTES



To: Board Members
From: Investment Companies Team
Subject: Minutes of the January 23, 2013,
FASB Board Meeting on Investment Companies **Date:** January 28, 2013
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: Investment Companies

Basis for Discussion: FASB Memo No. 54—IASB Changes to
Investment Company Assessment

FASB Memo No. 55—Disclosures

FASB Memo No. 56—Need for Exposure of
Disclosures about Investments in Another
Investment Company

FASB Memo No. 57—Transition and Effective
Date

Length of Discussion: 1:00 PM to 2:40 PM (EDT)

Attendance:

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

Board members absent: None

Staff in charge of topic: Laungani

Other staff at Board table: Cospers, Stoklosa, Crawford, Bhave

Staff participating via telephone: Geisman (IASB)

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The FASB continued redeliberations of its proposed Accounting Standards Update, *Financial Services—Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements*, to develop final guidance for investment companies.

The FASB's technical plan calls for a final Accounting Standards Update to be issued in the first quarter of 2013.

Summary of Decisions Reached:

The Board discussed the following topics:

1. IASB changes to the jointly discussed investment company assessment
2. Disclosures
3. Transition requirements
4. Effective date.

IASB Changes to the Jointly Discussed Investment Company Assessment

Before issuing its final standard, *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*, the IASB made changes to the jointly discussed assessment of investment company status. The FASB discussed those changes and decided that similar changes are not needed to the FASB's decisions on the investment company assessment. (Vote: 7 – 0).

Disclosures

The Board decided that an investment company should disclose the following in its notes to the financial statements:

1. Financial support provided to any of its investments during the periods presented, disaggregated by support contractually required and support not previously contractually required. (Vote: 7 – 0)

2. Financial support that is contractually required to be provided to any of its investments but has not yet been provided. (Vote: 7 – 0)
3. That the entity is an investment company and is applying investment company accounting under Topic 946, Financial Services—Investment Companies. (Vote: 7 – 0).

The Board decided not to retain the proposed requirement in the Exposure Draft to disclose restrictions on an investee's ability to transfer funds to the investment company. (Vote: 7 – 0)

At its August 29, 2012 meeting, the Board decided that, for *significant* investments in another investment company (an investee fund), an investment company should disclose certain items about the investee fund and any *significant* investment held by the investee fund. At this meeting, the Board decided:

1. To change the threshold for the disclosures from *significant* to those that exceed *5 percent* of the reporting investment company's net assets at the reporting date. (Vote: 7 – 0)
2. That the items disclosed would be as of the investee fund's most recently audited financial statements, including a disclosure of that date. (Vote: 4 – 3)

Transition Requirements

The Board decided to retain the proposed transition requirements in the Exposure Draft.

An Entity That Is No Longer an Investment Company

The Board decided that an entity that no longer meets the requirements to be an investment company as a result of the final guidance issued should apply the guidance retrospectively by recording a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

1. The initial carrying amounts for subsidiaries and equity method investments would be calculated as though the entity had always accounted for its investments in conformity with other applicable U.S. GAAP, unless it is not practicable.
2. If determining the carrying amounts for subsidiaries and equity method investments is not practicable, an entity would use the fair value of the investment at the date the final guidance becomes effective.

3. For all other investments, initial measurement would be the fair value at the date of adoption.
4. An entity that is required to consolidate a subsidiary as a result of the final guidance may elect the fair value option provided by Subtopic 825-10, Financial Instruments—Overall, only if the entity elects the option for all financial assets and financial liabilities of that subsidiary that are eligible for that option.
5. An entity may also elect the fair value option for its investments that are required to be accounted for using the equity method of accounting or other U.S. GAAP as a result of the final guidance.
6. An entity would be required to describe the transition method(s) applied and would disclose the amount and classification in its statement of financial position of the consolidated assets or liabilities by the transition method(s) applied.

(Vote: 5 – 2)

An Entity That Is an Investment Company

The Board decided that an entity that becomes or continues to be an investment company should apply the guidance prospectively as an adjustment to opening net assets. (Vote: 7 – 0)

Effective Date

The Board decided that the guidance in the final Accounting Standards Update would be effective for an entity's interim and annual reporting periods in fiscal years that begin after December 15, 2013. (Vote: 6 – 1) The Board also decided that early adoption would be prohibited. (Vote: 7 – 0)

General Announcements:

The Board directed the staff to perform outreach to obtain feedback about the operability of the Board's tentative decisions to require disclosures about investments in another investment company.