

## MINUTES



**To:** Board Members  
**From:** Passalugo (x462)  
**Subject:** Minutes of the May 24, 2013 Board Meeting      **Date:** May 30, 2013  
**cc:** Sutay

*The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Boards' 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.*

Topics: Application of the model: Credit card reward programs

Basis for Discussion: FASB Memorandum 170A

Length of Discussion: 7:30 a.m. to 7:57 a.m. EDT

Attendance:

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

Board members absent: None

Staff in charge of topic: FASB: Berchowicz, Bauer, Harris, North

Other staff at Board table: FASB: Schilb, Proestakes, Stoklosa, and Cospier

IASB: McManus

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 standard. The Boards' technical plan calls for that document to be issued in the second quarter of 2013.

**Summary of Decisions Reached:**

The IASB and the FASB met on May 24, 2013, to continue their joint redeliberations on the revised Exposure Draft, *Revenue from Contracts with Customers* (the 2011 ED). The Boards discussed the application of the revenue model to credit card reward programs.

*Application of the Model: Credit Card Reward Programs*

Some preparers in the financial services industry requested clarification about the application of the revenue model to credit card reward programs in their feedback to the 2011 ED. Specifically, those respondents questioned whether the accounting illustrated in Example 24 in the 2011 ED would always apply to the award credits in a credit card reward program.

The Boards tentatively decided to amend paragraph IE21/IG79 (that is, the introductory paragraph to Example 24 in the 2011 ED) to clarify that the existence of a "customer loyalty program" and the promise to transfer award credits does not automatically give rise to a performance obligation. The Boards noted that in all arrangements, including, for example, where there are more than two parties to the arrangement, the entities in the arrangement should consider all the facts and circumstances in applying the revenue model to determine whether the promise to transfer award credits gives rise to a performance obligation.

**General Announcements:** None