

MINUTES



To: Board Members
From: Investment Companies Team
Subject: Minutes of the October 23, 2013 Board Meeting
Date: October 29, 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: Investment Companies: Disclosures about an Investment in Another Investment Company

Basis for Discussion: FASB Memo No. 63—Scope and Potential Disclosures
FASB Memo No. 64—Threshold/Practicability Exception, “As of” Date, Audited versus Supplementary Disclosures, and Tabular Presentation
FASB Memo No. 65—Applicability to Interim Periods, Transition, and Comment Period

Length of Discussion: 1:00 PM to 2:35 PM (EDT)

Attendance:

Board members present: Golden, Buck, Kroker, Linsmeier, Schroeder, Siegel, Smith

Board members absent: None

Staff in charge of topic: Bhave, Pooley

Other staff at Board table: Esposito, Laungani, Cappiello

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 Exposure Draft for a reporting investment company's potential disclosures about investments in another investment company.

The Board has not yet determined the timing for the release of that Exposure Draft.

Summary of Decisions Reached:

The Board discussed the components of, and the threshold for, disclosures about investments in another investment company. The Board also discussed whether to proceed to an Exposure Draft.

The Board decided the following:

Scope

The disclosures would be required for:

1. Investments in unconsolidated investment companies. (Vote: 7-0)
2. The first level of investments in another investment company, not to the second or third level of investments. However, the Board decided that the guidance would include language to discourage a reporting investment company from creating additional levels of investments to circumvent the proposed disclosures. (Vote: 7-0)

Proposed Disclosures

A reporting investment company would disclose the following about each investment in another investment company (that is, an investee fund) that has a carrying value that equals or exceeds 5 percent of reporting company's net assets as of the date of its statement of financial position: (Vote 6-1)

1. The reporting investment company's share of the dollar amounts of management fees and incentive fees associated with the investee fund. If the reporting investment company cannot obtain information about the dollar amount of its share of the fees, it would disclose instead the percentage amounts and computational basis for each such fee. (Vote: 7-0)
2. The reporting investment company's fair value of, and its share of income/loss from, its investment in an investee fund. (Vote: 7-0)
3. For investments in which the reporting investment company owns more than 20 percent of an investee fund, the reporting investment company would disclose whether its ownership percentage is between 20 to 50 percent of the

net assets of the investee fund or whether its ownership percentage is greater than 50 percent of the net assets of the investee fund. (Vote: 6-1)

The Board decided that a reporting investment company would not be required to disclose information about leverage within an investee fund. This decision would remove the Board's previous decision that would have required disclosure of the total assets, total debt outstanding and net assets of an investee fund. (Vote: 4-3)

Applicability to Interim Periods

An investment company would provide the disclosures for any financial statements that include a schedule of investments (regardless of whether those financial statements are for an annual or interim period). (Vote: 7-0)

Transition

The disclosures would be applied prospectively and early adoption would be permitted. (Vote: 7-0) The comment period end date would be the later of 90 days from the date of issuance of the Exposure Draft or May 15, 2014. (Vote: 7-0)

General Announcements: The Board directed the staff to draft a proposed Accounting Standards Update incorporating the above-described decisions for vote by written ballot. (Vote: 7-0)