

MINUTES



MEMORANDUM

To: FASB Board Members

From: Accounting for Financial Instruments Team

Subject: June 4, 2014, Board Meeting—
Accounting for Financial Instruments: Classification and Measurement

Date: June 5, 2014

cc:

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: Memorandums 273 and 274

Length of Discussion: 10:22 a.m. to 11:57 a.m. EDT

Attendance:

Board members present: Golden, Kroeker, Linsmeier, Schroeder, Siegel, and Smith

Board members absent: Buck

Staff in charge of topic: Gupta

Other staff at Board table: Cospers, Esposito, Milone, and Debbink

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 accounting for financial instruments. The Board issued an Exposure Document in the first quarter of 2013.

Tentative Board Decisions:

The Board continued redeliberating the February 2013 proposed Accounting Standards Update, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, specifically discussing the presentation and disclosure of financial instruments.

Presentation of Financial Instruments in the Statements of Financial Position

The Board decided not to change how entities present financial assets and financial liabilities in the statement of financial position; however, the Board decided to require that entities disclose in the notes all financial assets and financial liabilities grouped by measurement category and form of financial assets. [Board vote 5:2]

Parenthetical Presentation of Fair Value for Financial Instruments Not Reported at Fair Value

The Board decided that public business entities would be required to disclose the fair value of financial assets [Board vote 4:3] and financial liabilities [Board vote 5:2] that are measured at amortized cost in accordance with Topic 820, Fair Value Measurement, either (1) parenthetically on the face of the statement of financial position or (2) in the notes to the financial statements. This disclosure would not be required for receivables and payables due in less than a year and demand deposit liabilities. The Board decided that entities other than public business entities would not be required to provide this disclosure. [Board vote 7:0]

Presentation of Financial Assets Carried at Amortized Cost That Are Subsequently Identified for Sale

The Board decided not to change the current presentation requirements for financial assets measured at amortized cost that are subsequently identified for sale. [Board vote 7:0]

Parenthetical Presentation of Amortized Cost for an Entity's Own Outstanding Debt Instruments Measured at Fair Value through Net Income

The Board affirmed the current requirement that entities reporting their own debt instruments at fair value through net income should disclose the difference between the aggregate fair value and the aggregate unpaid principal balance of such outstanding debt instruments. The Board decided not to require entities to disclose the amortized cost of those instruments parenthetically on the face of the statement of financial position. [Board vote 4:3]

Next Steps

The Board will continue to discuss presentation and disclosure of financial instruments, including the matters not discussed at today's meeting.