

MINUTES



MEMORANDUM

To: Board Members

From: Accounting for Financial Instruments Team

Subject: October 22, 2014 Board Meeting—
Accounting for Financial Instruments: Classification and Measurement

Date: October 24, 2014

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: FASB Memo No. 279(R)—Impairment of Equity Method Investments and Probability Thresholds in the Impairment Assessment

Length of Discussion: 10:50 a.m. to 11:20 a.m.

Attendance:

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

Board members absent: None

Staff in charge of topic: Gupta and Milone

Other staff at Board table: Cosper, Esposito, and Cahill

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board continued rediliberations of its proposed Accounting Standards Update, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*.

The Board's technical plan calls for a final Accounting Standards Update to be issued in the first half of 2015.

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 (1) the impairment of investments in equity securities accounted for under the equity method of accounting and (2) probability thresholds in the impairment assessment of investments in equity securities without readily determinable fair values measured under the practical expedient. The practical expedient allows those securities to be measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical investment or a similar investment of the same issuer.

Impairment of Investments in Equity Securities Accounted for under the Equity Method of Accounting

The Board decided to remove investments in equity securities accounted for under the equity method of accounting from the scope of this project. Based on this decision, current generally accepted accounting principles (GAAP) would be retained. (Vote: 4-3)

Probability Thresholds in the Impairment Assessment of Investments in Equity Securities Without Readily Determinable Fair Values

The Board decided to remove the threshold of more likely than not from the impairment assessment of investments in equity securities without readily determinable fair values, while retaining the significance threshold. (Vote: 7-0)

General Announcements: None