

REVISED MINUTES



MEMORANDUM

**To:** Board Members

**From:** Accounting for Financial Instruments Team

**Subject:** November 5, 2014 Board Meeting—  
Accounting for Financial Instruments: Hedging

**Date:** November 13, 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: Hedging

Basis for Discussion: FASB Memo No. 3—Proposed issues to be addressed and request to transfer project from research to active status

Length of Discussion: 10:55 a.m. to 11:30 a.m. (EST)

Attendance:

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

Board members absent: Schroeder

Staff in charge of topic: Gabello and Milone

Other staff at Board table: Cosper, Esposito, Hager, Cahill, and C. Smith

Outside participants: None

**Type of Document and Timing Based on the Technical Plan:**

At the November 5, 2014 agenda prioritization meeting, the hedging project was added to the Board's technical agenda and the Board voted on the preliminary list of issues to be included in the project's scope.

**Tentative Board Decisions:**

The staff presented its research project on hedge accounting at the agenda prioritization meeting. The purpose of the meeting was for the Board to decide on (1) whether to move this project to its technical agenda and (2) which topics should be included in the project's scope.

The Board decided to add the Accounting for Financial Instruments—Hedging project to its technical agenda (Vote: 6-1). Based on this decision, the Board decided to include the following preliminary list of topics in the project scope:

1. Hedge effectiveness requirements
2. Component hedging:
  - a. Nonfinancial items
  - b. Financial instruments.
3. Potential elimination of the shortcut and critical terms match methods
4. Voluntary dedesignations of hedging relationships
5. Recording of ineffectiveness for cash flow underhedges
6. Benchmark interest rates
7. Simplifying hedge documentation requirements
8. Presentation and disclosure of hedging instruments, hedged items, and ineffectiveness.

(Vote: 5-2)

The Board instructed the staff to analyze a group of issues holisitcally due to their interrelated nature. The group of issues includes hedge effectiveness requirements, component hedging for financial and nonfinancial items, potential elimination of the shortcut and critical terms match methods, benchmark interest rates, and presentation and disclosure. The staff will first come back to the Board with a series of nondecision making meetings on these topics.

**General Announcements:** None