

## MINUTES



**To:** FASB Board Members

**From:** Financial Instruments – Improvements to Recognition and Measurement Team  
(Mussatt x273)

**Subject:** Minutes of the March 24, 2009 Joint Board Meeting: Financial Instruments – Improvements to Recognition and Measurement      **Date:** May 7, 2009

**cc:** FASB: Golden, Stoklosa, Proestakes, Bielstein, Malcolm, Ampofo, Laungani, Sangiuolo, Homant, Mussatt, Burnap, C. Smith, Brickman, Chookaszian, Mechanick, Glotzer, Posta, Gabriele, Wilkins, Lott, Switter, Klimek, McGarity, FASB Intranet; IASB: Leisenring, Francis, Friedhoff, Wong

*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 a final Statement, Interpretation, or FASB Staff Position.*

Topic: Financial Instruments – Improvements to Recognition and Measurement

Basis for Discussion: Agenda Papers 6 and 6A

Length of Discussion: 9:30–11:15 a.m. (London)  
5:30–7:15 a.m. (Norwalk)

Attendance:

Board members present: FASB: Herz, Linsmeier, Seidman, Siegel, and L. Smith

IASB: Tweedie, Barth, Cooper, Danjou, Engström, Garnett, Gélard, Jones, Kalavacherla, Leisenring, McGregor, J. Smith, Yamada, and Zhang

Board members participating by phone: None

Board members absent:	None
Staff in charge of topic:	FASB: Malcolm IASB: Friedhoff and Francis
Other staff at Board table:	FASB: Golden and Stoklosa IASB: Clark and Teixeira

Summary of Decisions Reached:

1. The Boards discussed:
  - a. The objectives of the project
  - b. Potential measurement methods for financial instruments
  - c. Potential characteristics for categorizing financial instruments.
2. The Boards tentatively agreed that the objective of the project is to replace their respective financial instruments standards with a common standard that will significantly improve the decision usefulness of financial instrument reporting for users of financial statements. The Boards believe that simplification of the accounting requirements for financial instruments should be an outcome of this improvement. The Boards tentatively agreed that although the project objective is comprehensive, the project should be completed expeditiously.
3. The Boards tentatively agreed to consider at a future meeting three potential measurement methods:
  - a. Fair value—defined as an exit price in FASB Statement No. 157, *Fair Value Measurements*, and as will be defined in the forthcoming IASB Exposure Draft on fair value measurements
  - b. Another remeasurement method
  - c. Amortized cost.
4. At a future meeting, the Boards will define the other remeasurement method, including the nature of the anticipated cash flows and the discount rate. To help in categorizing which, if any, financial instruments should be subject to each of those measurement methods, the Boards discussed the following possible criteria:
  - a. Characteristics of the instrument, such as cash flow variability
  - b. Business model of the entity
  - c. The entity's intent and/or ability to trade the instrument.