

MINUTES



MEMORANDUM

**To:** Board Members  
**From:** Kulshrestha  
**Subject:** Minutes of December 13, 2017 Board Meeting  
**Date:** December 20, 2017  
**cc:** Tosches

*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: Nonemployee Share-Based Payments

Basis for Discussion: Board Memos No. 6, Comment Letter Summary, and No. 7, Exposure Draft Redeliberation Issues

Length of Discussion: 8:30 a.m. to 9:45 a.m.

Attendance:

Board members present: Golden, Kroeker, Botosan, Monk, Hunt, Siegel, Schroeder

Board members absent: None

Staff in charge of topic: Cheng

Other staff at Board table: Kuhaneck, Kulshrestha

Outside participants: None

**Tentative Board Decisions:**

The Board discussed feedback received on the proposed Accounting Standards Update, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. The Board decided to:

1. Retain the requirement to measure nonemployee share-based payment transactions by estimating the fair value of the equity instruments that an entity is obligated to issue. (Vote 5-2)
2. Include a rebuttable presumption that the contractual term would be an input to the option-pricing model for nonemployee share-based payment transactions unless an entity can support the use of an expected term. Use of an expected term would be allowed on an award-by-award basis. (Vote 7-0)
3. Require an entity, at transition, to measure unsettled nonemployee awards at fair value as of the adoption date. This requirement would not apply to vested equity-classified awards. (Vote 7-0)
4. Not permit an entity, at transition, to retrospectively adjust the basis of assets that include nonemployee share-based payment costs. (Vote 7-0)
5. Address a technical improvement to Topic 606, Revenue from Contracts with Customers, as part of the Codification Improvements project. (Vote 7-0)

*Effective Date*

The Board decided that the amendments in the final Accounting Standards Update will be effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. For nonpublic entities, the Board decided that the amendments in the final Update will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606.

(Vote: 7-0)

*Analysis of Costs and Benefits*

The Board concluded that it has received sufficient information and analysis to make an informed decision on the issues presented and that the expected benefits of the amendments justify the expected costs.

(Vote: 7-0)

**General Announcements:** The Board directed the staff to draft a final Accounting Standards Update for a vote by written ballot.