

MINUTES



MEMORANDUM

To: Board Members
From: Accounting for Financial Instruments Team
Subject: Minutes of November 14, 2018 Board Meeting
Date: November 20, 2018

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: Agenda Prioritization for Financial Instruments—Credit Losses—Targeted Transition Relief

Basis for Discussion: FASB Memo No. 1, “Financial Instruments – Credit Losses—Targeted Transition Relief”

Length of Discussion: 1:15 p.m. to 1:45 p.m. (EDT)

Attendance:

Board members present: Golden, Kroeker, Botosan, Buesser, Hunt, and Schroeder
Board members absent: None
Staff in charge of topic: Cryderman
Other staff at Board table: Cospers, Kuhaneck, Romano, Shah, Cryderman, Challen, LaFrano, and Jepsen
Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss several agenda request letters and deliberated providing targeted transition relief upon the adoption of Topic 326, *Financial Instruments—Credit Losses*.

Tentative Board Decisions:

The Board discussed the staff's preagenda research findings related to agenda requests for targeted transition relief upon the adoption of the amendments in Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*.

The Board decided:

1. To add a project to the technical agenda to allow entities, upon adoption of Topic 326, to irrevocably elect the fair value option for financial assets within the scope of Subtopic 326-20, *Financial Instruments—Credit Losses—Measured at Amortized Cost*, that are eligible for the fair value option in Subtopic 825-10, *Financial Instruments—Overall*, on an instrument-by-instrument basis.
(Add project to the agenda: Vote 6-0)
(Provide fair value option election: Vote 6-0)
(Instrument-by-instrument unit of account: Vote 5-1)
2. Not to allow entities an option to discontinue fair value measurements for financial assets measured at fair value and apply the guidance in Subtopic 326-20. **(Vote 6-0)**

Analysis of Costs and Benefits

The Board concluded that it has received sufficient information and analysis to make an informed decision and that the expected benefits of the proposed amendments would justify the expected costs. **(Vote 6-0)**

Next Steps

The Board directed the staff to:

1. Draft a proposed Accounting Standards Update for vote by written ballot with a 30-day comment period. **(Vote 6-0)**

2. Include a question in the proposed Update to gain further insight into situations for which an entity would prefer to discontinue fair value measurements for financial assets currently accounted for in accordance with the fair value option in Subtopic 825-10. **(Vote 6-0)**

General Announcements: None.