

MINUTES



MEMORANDUM

**To:** Board Members  
**From:** Padgett (x442)  
**Subject:** Minutes of the June 26, 2019 Board Meeting: EITF Ratification  
**Date:** June 28, 2019  
**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: Board ratification of the consensus-for-exposure reached on EITF Issue No. 19-A

Basis for Discussion: EITF Ratification Memorandum

Length of Discussion: 9:00 to 9:07

Attendance:

Board members present: Golden, Kroeker, Botosan, Buesser, Cospers, Hunt, and Schroeder

Board members absent: None

Staff in charge of topic: Bond, Cryderman, Jepsen

Other staff at Board table: Kuhaneck, Challen, Padgett

Outside participants: None

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

The Board met to discuss the potential issuance of a proposed Update resulting from EITF Issue No. 19-A, “Financial Instruments—Clarifying the Interactions between Topic 321 and Topic 323.”

**Tentative Board Decisions:**

Ratification of an EITF consensus-for-exposure. The Board ratified the following consensus-for-exposure reached by the EITF at its June 13, 2019 meeting and directed the staff to draft a proposed Update reflecting the consensus-for-exposure for vote by written ballot.

**Issue No. 19-A, “Financial Instruments—Clarifying the Interactions between Topic 321 and Topic 323”**

The Task Force reached a consensus-for-exposure that an entity should consider observable transactions that would require the investor to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative under Topic 321, Investments—Equity Securities, immediately before applying or upon discontinuing the equity method under Topic 323, Investments—Equity Method and Joint Ventures.

The Task Force reached a consensus-for-exposure that an entity should not consider whether the equity security underlying the forward contract or purchased option would, individually or with existing investments, be accounted for under the equity method upon settlement of the forward contract or exercise of the purchased option for purposes of evaluating the characteristic in paragraph 815-10-15-141(a).

The Task Force reached a consensus-for-exposure that an entity should apply the proposed amendments in the Update resulting from this Issue prospectively. The Task Force also reached a consensus-for-exposure not to require any recurring disclosures related to equity method investments or equity securities that are accounted for under the measurement alternative. In addition, the Task Force reached a consensus-for-exposure that an entity should disclose in the period of adoption the nature of and reasons for the change in accounting principle, the transition method, and a qualitative description of the financial statement line items affected by the change.

(Vote: 7-0)

The Board decided to expose the proposed Update for public comment for 30 days.

(Vote: 7-0)

**General Announcements:** None.