

MINUTES



MEMORANDUM

To: Board Members
From: PCC SBC Team
Subject: Minutes of February 12, 2020 Board Meeting
Date: February 13, 2020
cc: Dawn 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: PCC Issue No. 2018-01, "Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards"

Basis for Discussion: FASB Memo No. 9, *Endorsement of PCC Decisions*

Length of Discussion: 9:45 to 10:15am EST

Attendance:

Board members present: Golden, Kroeker, Botosan, Hunt, Shroeder, Buesser, and Cosper

Staff in charge of topic: Roberge

Other staff at Board table: Starkey, Wyss, Fritz, Mechanick, Kuhaneck

Type of Document and Timing Based on the Technical Plan:

The Board discussed whether to endorse the decisions made at the December 16, 2019 PCC meeting on Issue No. 2018-01, "Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards."

Tentative Board Decisions:

Endorsement of PCC decisions from the December 2019 PCC meeting

The Board endorsed the PCC's decision to issue a proposed Accounting Standards Update for a practical expedient that would allow a nonpublic entity to use a valuation performed in accordance with certain Treasury Regulations of Internal Revenue Code Section 409A to determine the current price of its underlying share for purposes of determining the grant-date fair value of an equity-classified share-option award. The practical expedient would only reference valuation procedures meeting the *rebuttable presumption of reasonableness* provisions in the Treasury Regulations of Section 409A.

The Board also endorsed the following PCC decisions related to the practical expedient:

1. A nonpublic entity would only be permitted to apply the practical expedient to equity-classified share-option awards issued to employees or nonemployees.
2. A nonpublic entity would apply the practical expedient on an award-by-award basis.
3. A nonpublic entity would prospectively apply the practical expedient for all qualifying awards granted during fiscal years beginning on or after the effective date and interim periods within the following years and could adopt the practical expedient early.

(Vote 6-1)

The Board and the PCC will determine the effective date after considering stakeholder feedback on a proposed Update.

Comment Period for the Proposed Update

The Board decided to provide a 45-day comment period, ending no sooner than May 15, 2020. **(Vote 7-0)**

Next Steps

The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot.

General Announcements: None