

MINUTES



MEMORANDUM

**To:** Board Members

**From:** Distinguishing Liabilities from Equity Phase 2 Team (Mulugeta, x264)

**Subject:** Minutes of August 26, 2020 Board Meeting on Distinguishing Liabilities and Equity Phase 2 **Date:** September 2, 2020

**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: Distinguishing Liabilities from Equity Phase 2

Basis for Discussion: FASB Memo No. 1, "Project Direction"

Length of Discussion: 9:00 a.m. to 9:20 a.m.

Attendance:

Board members present: Jones, Kroeker, Botosan, Buesser, Cospers, and Hunt

Board members absent: Schroeder

Staff in charge of topic: Mazzella

Other staff at Board table: Salo, Kuhaneck, Friend, and Mulugeta

Outside participants: None

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

The Board began initial deliberations by discussing the project's direction.

**Tentative Board Decisions:**

The Board decided that the project objective is to improve and align the two existing indexation models used to evaluate financial instruments with characteristics of equity by developing an indexation principle to reduce inconsistencies across GAAP. The scope of the project includes the indexation guidance in Topic 480, Distinguishing Liabilities from Equity, and Subtopic 815-40, Derivatives and Hedging—Contracts in Entity's Own Equity.

**Vote: (6-1)**

**General Announcements:** None.