

MINUTES



MEMORANDUM

To: Board Members

From: Current Expected Credit Losses (CECL) Team

Subject: Minutes of December 2, 2020 Board Meeting on Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*

Date: December 9, 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: Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*

Basis for Discussion: FASB Memo No. 5, “PIR Update and Possible Research Agenda Items”

Length of Discussion: 10:37 a.m. to 11:30 a.m. EST

Attendance:

Board Members present:	Jones, Kroeker, Botosan, Buesser, Cosper, Hunt, and Schroeder
Staff in charge of topic:	Shah
Other staff at Board table:	Salo, Smith, Mohomed, Lewis, Garavaglia, Hitchcock, and Williams
Outside Participants:	None

Type of Document and Timing on the Technical Plan:

The Board met to discuss post-implementation review (PIR) feedback received on Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*.

Tentative Board Decisions:

The Board discussed feedback received to date during the PIR of Update 2016-13. The staff provided the Board with a report of the staff's activities as part of the PIR process and summarized feedback received to date based on its direct outreach with stakeholders and monitoring of publicly available information. While no technical decisions were made, the staff discussed feedback related to areas such as purchased financial assets that do not qualify for purchased financial assets with credit deteriorated (PCD) accounting treatment, the accounting and disclosure of troubled debt restructurings (TDRs), scope of financial assets included in Update 2016-13 (including trade receivables), and disclosures. The staff will perform additional research and outreach on the accounting for non-PCD financial assets and TDRs to be considered at a future date as part of agenda request activities. In addition, the staff will continue to monitor feedback related to the scope of financial assets included in and disclosures under Update 2016-13. The staff also will continue to perform general outreach with stakeholders and continue to accumulate their feedback for presentation to the Board at future meetings. This will include continuing dialogue seeking feedback from prudential regulators.