MINUTES

To:	Board Members
From:	Interpretation 46(R) Team (Mathys, ext. 446)
Subject:	Minutes of the December 17, 2008 Board Meeting: Interpretation 46(R) Comment Letter Summary
Date:	January 20, 2009
cc:	FASB: Golden, Bielstein, Lott, Donoghue, Lusniak, Mayer, Yust, Sperry, Barker, Roberge, Hood, Chookaszian, Posta, Gabriele, Schonefeld, Sutay, Glotzer, Allen, Klimek, C. Smith, Mechanick, Nickell, Reager, Mathys, Burnap, Cropsey, Proestakes, Wilkins, Stoklosa, FASB Intranet; IASB: Leisenring, Kusi-Yeboah, Teixeira

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 a final Statement, Interpretation, or FASB Staff Position.

Topic:	Interpretation 46(R)—Comment Letter Summary
Basis for Discussion:	Board Memorandum No. 13
Length of Discussion:	9:00 a.m. to 10:15 a.m.

Attendance:

Board members present:	FASB: Herz, Linsmeier, Seidman, Smith, and Siegel
	IASB: Leisenring
Board members absent:	None
Staff in charge of topic:	Roberge and Nickell
Other staff at Board table:	Golden, Mathys, and Reager

Summary of Decisions Reached

The Board discussed significant issues raised in comment letters on the FASB Exposure Draft, *Amendments to FASB Interpretation No. 46(R).* (A summary of those significant issues will be available in the comment letter analysis on the FASB website.) The Board decided that the following issues will be redeliberated at future Board meetings:

1. Reconsideration of an entity's status as a variable interest entity
2. Determination of a significant variable interest in paragraph 6 of FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*
3. Guidance and clarification of the Board's premise of "power" in determining a variable interest entity's primary beneficiary (specifically, kick-out rights, shared power, and fiduciary responsibility)
4. Guidance for determining an enterprise's right to receive benefits or its obligation to absorb losses of a variable interest entity when determining the primary beneficiary
5. Whether the quantitative analysis (Step 2) for determining the primary beneficiary is necessary
6. Related party guidance (paragraphs 16 and 17 of Interpretation 46(R))
7. Whether deconsolidation guidance should be provided
8. Measurement of consolidated assets and liabilities at transition
9. Separate classification of elements (disallowed, permitted, required)
10. Clarification of the purpose and content of the examples in Appendix A
11. Effective date.
12. Disclosures.

The Board decided not to redeliberate the following issues:

1. Reconsideration of primary beneficiary status.
2. Implicit variable interests.
3. Converged standard with the IASB.
4. One consolidation model for voting interest entities and variable interest entities
5. Inconsistency between the definition of *control* under FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.*
6. Recognition of assets and liabilities of variable interest entities that constituents do not believe meet the definition of assets and liabilities in FASB Concepts Statement No. 6, *Elements of Financial Statements.*
7. Elimination of the troubled debt restructuring exemption from reconsideration
8. Scope.
9. Linked Presentation. (The Board is inclined not to reconsider linked presentation; however, the Board asked the staff to bring that issue back for redeliberation if the Board receives additional information about a workable model.)

Objectives of Meeting:

The objectives of this meeting were to discuss the comments received from constituents regarding the proposed Statement and to determine which issues raised by respondents are significant and should be redeliberated at future Board meetings. The objectives of the meeting were met.

Matters Discussed and Decisions Reached:

1. Mr. Roberge stated that effective date, disclosures, and linked presentation were already discussed during the Board meetings on the FASB Exposure Draft, *Accounting for Transfers of Financial Assets,* and, therefore, would not be discussed during the Board meeting on redeliberations for the proposed Statement.

STAFF RECOMMENDED ISSUES FOR REDELIBERATION

2. Ms. Mathys stated that for each of the following 10 issues, the staff believes that the concerns raised by respondents warrant reconsideration, and that different alternatives can be developed and brought back to the Board at a future Board meeting.

Issue 1: An Entity's Status as a Variable Interest Entity

3. Ms. Mathys stated that several respondents expressed concerns regarding the operationality and usefulness of the proposed Statement's requirements for continuous reassessment of an entity's status as a variable interest entity. Respondents were especially concerned that operating losses in excess of expected losses determined at the inception of an entity would result in an entity being classified as a variable interest entity or voting interest entity in one period with subsequent operating outcomes resulting in a change in the entity's status in the next period.

4. Many respondents requested that the Board retain the original reconsideration guidance from paragraph 7 of Interpretation 46(R), which requires reconsideration upon specified "triggering events."

Issue 2: Determination of a Significant Variable Interest

5. Ms. Mathys noted that the guidance in the proposed Statement states that an enterprise has a significant variable interest if the interest is significant to either the variable interest entity or the enterprise, or both. Certain respondents stated that "significance" should be in relation only to the reporting enterprise, while others asserted that "significance" should relate only to the entity. These respondents' primary concern was the magnitude of disclosures required if their interest is deemed significant.

Issue 3: Power (Including Kick-out Rights, Shared Power, and Fiduciary Responsibility)

6. Ms. Mathys said that, in general, respondents requested further clarification and guidance on the concept of "power" and its determination in the proposed Statement. Some respondents commented on the inconsistent language regarding power in paragraphs 5(b)(1) and 14A(a) of the proposed amendments to Interpretation 46(R) and requested that they be made consistent. Many respondents questioned whether power, as described in paragraph 14A(a), is related to control over day-to-day decision-making activities or long-term-strategic-decision making, and whether the predetermination of activities alone dictates which enterprise, if any, has power pursuant to paragraph 14A(a).

7. Regarding kick-out rights, Ms. Mathys noted that the majority of respondents commented on the inconsistent application of kick-out rights, both within the proposed Statement and compared to other authoritative literature, such as EITF Issue No. 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights." These respondents asserted that it was inappropriate to ignore substantive kick-out rights when conducting the qualitative analysis in paragraph 14A(a) to determine which enterprise, if any, is expected to be identified as the primary beneficiary of the variable interest entity. Some respondents also stated that when kick-out rights are determined to be non-substantive, that determination has been enforced in practice.

8. With respect to shared power, Ms. Mathys stated that certain respondents requested that the guidance for shared power be further developed to clarify the Board's intent.

9. Ms. Mathys stated that some respondents asserted that parties acting solely in a fiduciary role and receiving just a fixed fee to act within the parameters of contractually agreed-upon activities are acting only in the best interest of the beneficial interest holders (and not themselves). Consequently, these respondents believe that fiduciary responsibilities do not constitute power.

Issue 4: Determination of the Right to Receive Benefits or the Obligation to Absorb Losses

10. Ms. Mathys explained that many respondents requested additional guidance in applying the provisions of paragraph 14A(b) of the proposed amendments to Interpretation 46(R) regarding the determination of rights to receive benefits or the obligation to absorb losses that could potentially be significant. Several respondents also commented that the phrase "the right to receive benefits…or the obligation to absorb losses…that could potentially be significant to the variable interest entity" is too broad and, therefore, is not operational.

11. Ms. Mathys noted that some respondents commented that the threshold of the economics required to be met in paragraph 14A(b) is too low because using the term *or* as opposed to the term *and* scopes in entities that they consider to have no exposure to losses; for example, servicers of financial assets.

Issue 5: Quantitative Analysis

12. Ms. Mathys stated that the majority of respondents suggested eliminating the quantitative analysis in paragraph 14C because they consider it to be inconsistent with the principles-based approach set forth in the qualitative analysis pursuant to paragraphs 14A and 14B. These respondents asserted that a qualitative analysis alone should be sufficient to determine which enterprise, if any, is expected to be identified as the primary beneficiary of a variable interest entity.

Issue 6: Related Parties

13. Ms. Mathys noted that some respondents asserted that the Board should amend the related party guidance in paragraph 17 of Interpretation 46(R) to be consistent with the qualitative analysis initially used to determine the primary beneficiary (including related parties in the assessment) in paragraph 14A(a).

Issue 7: Deconsolidation

14. Regarding deconsolidation, Ms. Mathys stated that a few respondents requested additional guidance on deconsolidation of a variable interest entity and referenced the deconsolidation guidance in FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, and other interpretive guidance.

Issue 8: Measurement of Consolidated Assets and Liabilities at Transition

15. Ms. Mathys stated that some respondents requested that the proposed Statement follow the original transition guidance from paragraph 37 of Interpretation 46(R); that is, assets and liabilities should be measured at carrying value upon initial adoption as if the entity had always been consolidated, rather than at fair value as the proposed Statement requires.

Issue 9: Separate Classification of Elements

16. Ms. Mathys noted that some respondents felt that separate classification of elements should be permitted, while others felt that separate classification of elements should be prohibited.

Issue 10: Examples

17. Ms. Mathys stated that certain respondents commented that the examples provided were overly simplistic and requested that the Board add more complex examples, while others requested that additional facts and circumstances be added to existing examples to determine if a different conclusion would be reached.

Staff Recommendation

18. The staff believes that the 10 issues above are significant and warrant redeliberation at future Board meetings after further staff analysis is provided.

19. **Board Vote:** The Board unanimously concluded that the 10 issues would be redeliberated before issuing a final Statement.

20. **Board Comments:** Mr. Linsmeier agreed that the 10 issues warrant redeliberation. However, he stated that the Board's ability to provide effective guidance on the "shared power" issue may be directly related to whether or not there is a second quantitative step for determining the primary beneficiary. He clarified that he does not necessarily advocate the current version of the quantitative analysis, but would like those issues to be explored/contemplated together at some point in time. He also expressed concerns about the implications of this potential accounting model for investment companies and would like to explore that issue further. He stated that the staff should continue to focus efforts on the relationship between the FASB modifications and how they relate to the IASB project on consolidations. Ms. Seidman agreed with all of Mr. Linsmeier's comments.

21. Mr. Siegel also agreed with Mr. Linsmeier and stated that it is extremely important to get the concept of "shared power" right. He also stated that the issue of kick-out rights will be critical in redeliberations. Mr. Smith agreed.

22. Mr. Herz agreed with Mr. Linsmeier's comments and stated that some of the letters request that specific examples of entities be addressed. However, he cautioned the staff and other Board members against getting into details and exceptions that are unnecessary, because, in the end, they raise more questions than they answer.

23. Ms. Seidman stated that it is critically important to cross check that the proposed amendments to Interpretation 46(R) are working so that entities that really should not be consolidated are identified.

24. Mr. Roberge addressed Mr. Linsmeier's comment about the IASB, noting that the FASB staff has been working closely with IASB staff, and that it is the IASB's intention to expose its document on consolidations by the end of the year. Based on conversations with the IASB staff, Mr. Roberge stated that although the wording of each Board's document is not exactly the same, it appears that the intent of the IASB

staff is to be consistent with what the FASB staff has accomplished thus far. He believes that one could achieve consistent conclusions as to which entities should consolidate by applying the IASB guidance to the nine examples included in the proposed Statement.

25. Ms. Seidman asked where the IASB staff stands regarding a quantitative backstop, and Mr. Roberge responded that it is his understanding that one could use a quantitative analysis, but it is not the IASB staff's intention to require constituents to apply a quantitative analysis as a backstop. Mr. Nickell also expressed concerns that the IASB staff's use of phrases such as "the party that absorbs variability" may cause constituents to interpret that IASB guidance requires an expected loss calculation.

26. Mr. Smith inquired whether IASB Board members agree with the staff's assessment of the FASB examples. Mr. Roberge stated that he does not believe that the FASB examples and conclusions have not been publicly deliberated by the IASB Board. Mr. Smith expressed concern that the IASB Board members may not come to the same conclusion as the FASB Board members with their respective documents and the nine examples.

SIGNIFICANT ISSUES NOT INTENTED FOR REDELIBERATION

Issue 11: Reconsideration of Primary Beneficiary Status

27. Mr. Reager stated that some respondents believe that ongoing assessment of whether an enterprise is the primary beneficiary of a variable interest entity is impractical and not operational, particularly for excessive losses. These respondents generally support the current reconsideration events in paragraph 15 of Interpretation 46(R). Many other respondents, however, supported continuous reconsideration of an enterprise's status as primary beneficiary, including all users of financial statements that responded or that the staff consulted with.

28. Mr. Reager also noted that users generally support continuous reconsideration of primary beneficiary status because they believe it provides more relevant and timely information regarding an enterprise's involvement with a variable interest entity. Constant reconsideration of primary beneficiary status is a critical aspect of the

proposed Statement, and many respondents believe that an ongoing assessment of primary beneficiary status is operational. The staff notes that the primary objection noted by opposing respondents related to the reconsideration of whether an entity is a variable interest entity (not whether or not an entity is the primary beneficiary of a variable interest entity). In addition, if the Board decides to eliminate the quantitative analysis (Step 2) in paragraph 14C, the determination of whether or not an entity is a primary beneficiary of a variable interest entity will be primarily qualitative. Mr. Reager stated that the staff expects that reconsiderations utilizing the qualitative approach will be less costly than reconsiderations utilizing the quantitative assessment.

29. **Board Comments:** Mr. Herz stated that he is not sure whether this issue needs to be redeliberated, but he does not support specific reconsideration events. However, he noted that there is a line between specific reconsideration events and "continuous reconsideration." He does not believe that one needs to be sitting at a trading desk to continuously monitor the variable interest entity, but if things change in the structure, environment, or regulation, then those facts cannot be ignored.

30. Ms. Seidman agreed with Mr. Herz. Mr. Roberge stated that the staff has been using the phrase "based on changes in facts and circumstances," rather than "continuous reassessment" for that very reason. Mr. Linsmeier asked whether reconsideration is limited to changes in facts and circumstances, or if there should also be, at minimum, an evaluation at each reporting date. Mr. Roberge stated that the proposed Statement does not use the phrase "at each reporting date" because an event *during* the reporting period could be missed, and, thus, the income statement of the enterprise required to consolidate would not capture the results of the variable interest entity. Mr. Siegel clarified that these issues could be handled in drafting as long as the principle is communicated clearly.

Issue 12: Implicit Variable Interests

31. Mr. Reager stated that a few respondents requested additional guidance related to implicit variable interests—primarily guidance on what constitutes an implicit variable interest. He stated that the staff believes that FASB Staff Position (FSP) FIN 46(R)-5, *Implicit Variable Interests under FASB Interpretation No. 46 (revised*

December 2003), provides adequate guidance regarding implicit variable interests. Additionally, the staff does not believe that it can effectively provide guidance to exactly identify when an explicit arrangement exists, but, rather, preparers, auditors, and regulatory agencies should exercise appropriate judgment in ascertaining when an implicit arrangement exists.

32. **Board Comments:** Mr. Herz agreed with the staff's recommendation to not redeliberate this issue. He acknowledged the judgment involved in determining whether the enterprise has an implicit variable interest. However, Mr. Herz stated that if an enterprise thinks it may have a variable interest, then it probably does. Mr. Linsmeier and Ms. Seidman also expressed support of the staff's recommendation. Mr. Siegel again asked that the staff make sure the principle is drafted clearly.

Issue 14: Converged Standard with the IASB

33. Mr. Reager stated that many respondents feel that the Board should issue a single, converged consolidation standard with the IASB. Many respondents asserted that, given the IASB's expected issuance of a new consolidations standard and the forecasted timing of U.S. registrants' adoption of International Financial Reporting Standrads (IFRS), the issuance of the proposed Statement would create significant operational challenges and introduce unnecessary complexity into financial reporting. Others (primarily users) support an eventual converged standard, but believe that this goal should not stop the FASB from moving forward with this project.

34. Mr. Reager noted that, while the staff acknowledges the concerns presented around convergence, this issue was considered and rejected throughout the project. The conclusion reached at the FASB Board meetings and the joint meeting with the IASB was to proceed separately for this short-term project. Although international convergence is a priority, the Board has been asked to expedite this project to issue guidance as a result of untimely information related to an enterprise's involvement with variable interest entities, consolidation based on a quantitative analysis that often did not identify the entity with power, and benefits or obligations associated with an entity. Although the staff is working with the IASB toward the goal of making the guidance issued by both Boards consistent for all critical items, the staff believes that

the FASB should move forward with the proposed Statement regardless of the status of the IASB's consolidations project.

35. **Board Comments:** Mr. Herz agreed with the staff's recommendation. He also said that, regarding the United States adoption of IFRS, the SEC will not make a decision about mandatory adoption until 2011, and then IFRS would not be implemented until 2014. The bigger issue is that if the FASB and the IASB are successful in issuing a broader standard on consolidation that is completed by 2010, how would implementation in the United States relate to a roadmap that the SEC may have at that point? Ms. Seidman noted that that challenge would not be unique to this project. Mr. Herz agreed with Ms. Seidman. Mr. Linsmeier pointed out that if the proposed Statement is completed and has a 2010 effective date, there is a four-year gap between the adoption of IFRS and the effective date of the final Statement. Mr. Linsmeier believes that the FASB cannot wait for an improvement on this proposed Statement based on the idea that something might be changed in 2014. He stated that it will be important to monitor that there are no significant differences between the FASB and the IASB approaches, which the staff and Board are already doing.

Issue 15: One Consolidation Model for Voting Interest Entities and Variable Interest Entities

36. Mr. Reager reported that many respondents feel that the Board should develop a single consolidation model for voting interest entities and variable interest entities. Some respondents questioned why a consolidation model that is intended to be a more qualitative, control-based analysis needs a distinction between voting interest entities and variable interest entities.

37. Mr. Reager noted that the staff acknowledges respondents' desire for one consolidation model for voting interest entities and variable interest entities, particularly given that the proposed Statement does not rely solely on an analysis of risks and rewards to determine the primary beneficiary. However, the development of a single consolidation model is beyond the scope of this project and would significantly delay the issuance of a final Statement. The Board is considering a single consolidation model as part of its broader convergence effort. The IASB is currently attempting to develop a model that addresses consolidation broadly.

However, the current draft of the IASB's proposed model provides separate sections and guidance for operating entities (somewhat akin to voting interest entities) and structured vehicles. Consequently, the staff questions whether consolidation of variable interest entities and voting interest entities can ultimately fall under common guidance.

38. **Board Comments:** Mr. Herz supports the idea of having one overarching set of principles for consolidation, but thinks that it requires more discussion.

39. Mr. Linsmeier stated that he attended two roundtables in London about the IASB's draft document, and it was clear that even though there was one underlying concept of power and benefits for defining controlling financial interest, there was a lot more discomfort with going to an "effective control" model for voting interest entities.

Issue 16: Inconsistency between the Definition of Control under Statement 140 and the Proposed Statement

40. Mr. Nickell stated that the staff does not believe that the inconsistent definition of *control* warrants redeliberation because if an entity will be consolidated under the current Interpretation 46(R) analysis, then it is not particularly relevant how the entity would be treated under Statement 140. Instead, the staff would like to clarify whether the Board's request is for the staff of both project teams to discuss the concept of participating interest and how that concept interacts between the two proposed Statements.

41. **Board Comments:** Mr. Linsmeier stated that he does not believe that the rediliberations are about whether the Board has problems with inconsistencies in control of individual assets and liabilities and the controlling financial interest over an entity. Rather, he believes the conversation recognized that there *are* differences, and that the rediliberations should focus on whether the Board is comfortable with the economic results of the combination of the two models.

42. Ms. Seidman stated that it is important to understand the differences and become comfortable with the results of the application.

Issue 17: Recognition of Assets and Liabilities That Constituents Believe Do Not Meet the Definition of Assets and Liabilities in Concepts Statement 6

43. Mr. Reager stated that a few respondents disagreed with the proposed Statement because they believe it is inconsistent with the definition of assets and liabilities in Concepts Statement 6, and that this may inflate reporting entity's financial statements.

44. Mr. Reager noted that the staff acknowledges that some respondents interpret the definitions of assets and liabilities between Concepts Statement 6 and the recognition of assets and liabilities in the proposed Statement inconsistently, but that addressing this inconsistency is outside the scope of this project. The staff notes that this perceived inconsistency would have been more notable in Interpretation 46(R) prior to the issuance of the proposed Statement (that is, when the Interpretation is a pure risks and rewards approach without regard to power or control). In addition, while the staff understands that standard setting is not necessarily an "outcomes-based" process, it believes that the approach suggested (which purely follows the definition of assets and liabilities in Concepts Statement 6) would likely result in pervasive off-balance-sheet structuring. The staff also stresses that the conceptual framework project includes the amendment of the definition of the elements of financial statements.

45. **Board Comments:** Mr. Linsmeier agreed that the Board should not discuss this issue. He emphasized that determining the definitions of assets and liabilities is part of the conceptual framework project. Mr. Linsmeier also stated that he does not think it is appropriate to apply the definition of assets and liabilities on an individual level because a different result could be achieved through a controlling interest (rather than control over individual assets and liabilities) in power and benefits.

46. Ms. Seidman restated her support for linked presentation because it seems as though, when presenting consolidated financial statements, a consistent definition of an asset should be applied. Mr. Linsmeier responded that he understands Ms. Seidman's point, but expressed concerns about linked presentation if voting interest entities are within the scope of the proposed Statement.

47. Mr. Golden thinks that linked presentation is a more important topic than derecognition for the proposed Statement because the principle in that Interpretation will most likely result in entities being consolidated, and constituents do not believe the assets consolidated meet the definition of an assets in Concepts Statement 6.
48. Mr. Siegel stated that it is important to decide how to proceed with this project despite the fact that the definitions of assets and liabilities may be changing in the conceptual framework project. Ms. Seidman stated that she does not believe the definitions will change in a fundamental way.

Issue 19: Elimination of Troubled Debt Restructuring Exemption from Reconsideration

49. Mr. Reager stated that a few respondents objected to the removal of the exemption for troubled debt restructurings when reconsidering variable interest entity status and the determination of the primary beneficiary. He also noted that the staff does not believe that any conceptual basis exists for exempting reconsideration of an entity's variable interest entity status or an enterprise's primary beneficiary status simply because contractual documents are modified in conjunction with a troubled debt restructuring. The Board considered this issue as part of the fatal flaw review, and the staff did not receive new information in the comment letter process or in the public roundtable discussion that provided any more compelling reasons why the troubled debt restructuring exemption should remain.
50. **Board Comments:** Board members agreed with the staff recommendation to not redeliberate this issue.

Issue 20: Scope

51. Mr. Reager stated that certain respondents requested that the scope of the proposed Statement be narrowed. For example, the Private Company Financial Reporting Committee and the AICPA's Private Company Practice Section Executive Committee requested that a scope exemption be provided for private company related party leasing companies that account for related party leases under paragraph 29 of FASB Statement No. 13, *Accounting for Leases*. The government-sponsored entities that

responded also do not believe that the proposed Statement improves financial reporting for their entities.

52. Mr. Reager noted that the Board also received requests for exemptions for entities that provide for financial guarantee insurance contracts accounted for under FASB Statement No. 163, *Accounting for Financial Guarantee Insurance Contracts*, and for insured credit default swaps accounted for under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. He stated that, specific to the government sponsored entities, the staff did not receive information in the comment letters or from the public roundtable discussions that provided reasoning that was any more compelling than what was previously communicated to the Board. The request for a scope exemption for financial guarantee insurance companies did not provide an additional conceptual basis for a scope exception.

53. Mr. Reager stated that the staff does not believe a scope exemption should be provided for private company related party leasing companies. One of the reasons cited for the need for a scope out was that the guidance in Interpretations 46(R) is too subjective. The staff does not believe that the guidance in paragraph 29 of Statement 13 is any less subjective than the guidance in Interpretation 46(R) (paragraph 29 of Statement 13 essentially requires modification of the accounting under that Statement if it is clear that the terms of the transaction have been significantly affected by the fact that the lessee and lessor are related).

54. **Board Comments:** Mr. Herz stated that this issue is a matter of presentation.

55. Mr. Linsmeier stated that he and Mr. Siegel spoke with one of the government sponsored entities and talked through two scenarios: (a) those loans that are transferred out and in which the government sponsored entity provides a guarantee and (b) those loans that the government sponsored entity retains. Some of the issues centered around ways to segregate information for the two different sets of assets and income statement effects so that they portray the fact that there are different levels of involvement. Mr. Linsmeier agreed that the outcome may be a presentation difference rather than a recognition difference.

56. Mr. Smith asked whether the Board needs to specifically develop and deliberate those alternative presentations, or whether constituents can effectively do that for themselves?

57. Mr. Roberge answered that this issue is related to Issue 9 (separate classification), which will be brought back to the Board at a future date.

Staff Recommendation

58. The staff believes that issues 11–20 do not require redeliberation.

Other

59. Mr. Roberge asked the Board whether there were any issues it would like to discuss concerning the appendix to the Board memo, which detailed each comment from respondents. Board members did not have any further comments.

ANTICIPATED TIMING

60. **Staff Recommendation:** After the Board determines which issues should be further analyzed by the staff and redeliberated by the Board, the staff will prepare analyses and memorandums for discussion at public Board meetings in January and potentially early February 2009. The staff expects that the issues can be resolved in two to three Board meetings. If the issues can be resolved, and when an agreement on the proposed amendments to the guidance in Interpretation 46(R) is reached, the staff will follow the normal process for finalizing a Statement, with an expected issuance by the end of April 2009.

61. **Board Vote:** The Board agreed with this tentative plan without further comments.

<u>Follow-up Items:</u> None

<u>General Announcements:</u> None.