MINUTES

Financial Accounting Standards Board

To:	Board Members		
From:	FVM/FSP Team (Goetsch, ext. 447)		
Subject:	Minutes of the May 3, 2006, FVM/FSP, FAS 133-a Board Meeting	**Date:**	May 10, 2006
cc:	Bielstein, L. Smith, Fair Value Team, Revenue Recognition Team, Business Combinations Team, McBeth, Polley, Gabriele, Carney, Mahoney, Sutay, Leisenring (IASB), Nelson (IASB), FASB Intranet		

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 or Interpretation.

Topic:	Minimum reliability threshold, expanded fair value disclosures, and transition
Basis for Discussion:	Memorandums dated April 26, 2006, and May 1, 2006, and audience handouts (attached)
Length of Discussion:	9:00 a.m. to 11:00 a.m.

Attendance:

Board members present:	FASB: Batavick, Crooch, Herz, Schipper, Seidman, Trott, and Young IASB: Leisenring
Board members absent:	None
Staff in charge of topic:	MacDonald, Thuener, Belcher
Other staff at Board table:	Goetsch, Lott, Smith
Outside participants:	None

Summary of Decisions Reached

The Board discussed issues raised by respondents to proposed FSP Staff FAS 133-a, "Accounting for Unrealized Gains (Losses) Relating to Derivative Instruments Measured at Fair Value under Statement 133," relating to (1) the minimum reliability threshold for fair value measurements at initial recognition of a derivative under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and (2) the need for expanded disclosures about fair value measurements in the final Statement on fair value measurements.

The Board decided to eliminate the minimum reliability threshold in proposed FSP FAS 133-a for fair value measurements at initial recognition of a derivative under Statement 133. Instead, the Board decided that the guidance in the final Statement should apply in all periods in which a derivative is measured at fair value, whether at initial recognition or in a subsequent period, eliminating the need to issue a final FSP. Therefore, the final Statement will nullify the related guidance in footnote 3 of EITF Issue No. 02-3, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities."

The Board decided to require a limited retrospective transition approach for the change in accounting under Issue 02-3. The Board further reconsidered its earlier decision to require a full retrospective transition approach for the change in accounting for blocks of financial instruments held by broker-dealers and investment companies measured at fair value using a blockage factor. The Board decided to require a limited retrospective approach for that change in accounting.

The Board decided to require expanded disclosures about fair value measurements in the final Statement. For each major category of assets and liabilities remeasured at fair value on a recurring basis within Level 3 of the fair value hierarchy (including but not limited to derivatives), the final Statement will require (1) a reconciliation of the beginning and ending balances and (2) disclosure of the portion of total gains or losses included in income for the period attributable to unrealized gains or losses relating to those assets and liabilities still held at the reporting date and a description of where those gains or losses are reported in the statement of income or other statement of financial performance, separately for total gains or losses and unrealized gains or losses.

Objective of Meeting

The purpose of the meeting was for the Board to discuss issues raised by respondents to the proposed FSP FAS 133-a, focusing on measurements at initial recognition of derivative (other) instruments under Statement 133 and the need for expanded disclosures about fair value measurements in a final Statement on fair value measurements (FVM Statement). Those objectives were met.

Matters Discussed and Decisions Reached

Minimum Reliability Threshold

1. Ms. MacDonald stated that the principal issue raised by respondents to proposed FSP FAS 133-a was whether to eliminate the minimum reliability threshold for derivatives (and other instruments) measured at fair value under Statement 133. By way of background, she explained that the minimum reliability threshold would preclude immediate recognition in income of an unrealized gain or loss, measured as the difference between the transaction price and the fair value of the derivative (or other instrument) at initial recognition, if the fair value of the derivative is measured using significant unobservable inputs within Level 3 (previously Level 5). She stated that many respondents to proposed FSP FAS 133-a (largely financial institutions) expressed concerns

about the minimum reliability threshold, indicating that it is a “rule” that that would add to the complexity in generally accepted accounting principles (GAAP).

2. Ms. MacDonald stated that at its December 2005 education session, the Board discussed the issue of whether to eliminate the minimum reliability threshold in proposed FSP FAS 133 a. At that time, the Board agreed to consider expanded FVM Statement disclosures as an alternative to the minimum reliability threshold in proposed FSP FAS 133-a, subject to additional input from preparers and users.

3. Ms. MacDonald stated that since that time, additional input has been received. Specifically:

a. The staff has received additional input from some preparers on expanded fair value disclosures that could be provided within reasonable cost-benefit constraints, including the input those preparers discussed with the Board at an education session in January of this year.

b. The staff also has received additional input from some users on the usefulness of those fair value disclosures, in particular, from members of the User Advisory Council (at the April 2006 User Advisory Council meeting, which included some preparers) and, more recently, from members of the Investor Task Force that concentrate on the investment banking, energy trading, and insurance industries. On balance, those users generally supported eliminating the minimum reliability threshold. In particular, they indicated that to improve transparency in financial reporting, the focus of any incremental guidance should be on expanded disclosures, not additional “rules” to specify when the same or similar items (for example, unrealized gains or losses at initial recognition of an asset or liability) should be recognized in income.

4. Ms. MacDonald stated that having considered the input in its totality, the staff recommends that the Board eliminate the minimum reliability threshold in proposed FSP FAS 133-a and separately consider expanded fair value disclosures in the FVM Statement. She explained that in developing that recommendation, the staff focused on the complexity associated with the minimum reliability threshold and the benefit that would be provided by expanded fair value disclosures.

5. Ms. MacDonald further noted that a Board decision to eliminate the minimum reliability threshold in proposed FSP FAS 133-a would eliminate the

need for a separate FSP. The FVM Statement would (a) supersede the guidance for developing the measurements at initial recognition in footnote 3 to Issue 02-3 and make any conforming amendments (for example, to FASB Statement No. 155, *Accounting for Certain Hybrid Financial Instruments*), and (b) specify the transition approach for the change in accounting under Issue 02-3.

6. All Board members agreed with the staff recommendation to eliminate the minimum reliability threshold in proposed FSP FAS 133-a, subject to expanded fair value disclosures in the FVM Statement, expressing their appreciation for the significant efforts of the many constituents that worked with the Board and staff to resolve related issues.

7. Ms. Schipper emphasized that the minimum reliability threshold would increase complexity in GAAP, creating inconsistencies between the proposed FSP and the FVM Statement, Statement 133, and the Board's conceptual framework. Further, the minimum reliability threshold would make it difficult for users to understand the outcome (complexity in analysis). She acknowledged that in some cases, the fair value measurements recorded in the financial statements might be hard to verify, but pointed out that similar problems arise in other areas of accounting. Moreover, expanded disclosures in the FVM Statement will address that issue, focusing on measurement uncertainty. She disagreed with the notion that because the measurements may be associated with revenue, they should receive special treatment (be subject to a higher threshold for purposes of accounting recognition).

8. Mr. Trott agreed with Ms. Schipper. He added that a minimum reliability threshold should not be a "fallback" for difficult accounting and that there should not be different accounting for positive versus negative items (revenues/gains vs. expenses/losses) that result from fair value measurements with uncertainty.

9. Mr. Batavick referred to the complexity associated with the minimum reliability threshold, stating that a goal should be to reduce the complexity in GAAP, not add to it. He stated that if an accounting pronouncement requires a fair value measurement, then the accounting pronouncement should allow for the consequences of the measurement without exception. Such an exception could

result in distorted and misleading reporting for some entities. In the context of related user input, he referred to the need for expanded disclosures about fair value measurements. While he believes that including those disclosures in the notes to the financial statements, he would prefer that those disclosures be shown on the face of the financial statements.

10. Ms. Seidman stated that because derivatives derive their values from changes in other things, a value-based measure is more relevant than a cost-based measure if the changes can be observed. She continues to have concerns about including in income the consequences of fair value measurements for certain types of derivatives that can not be observed, that is, those measurements with significant unobservable inputs that may lack the characteristics of relevance and reliability. She referred to discussions with some constituents, which have highlighted previous reporting problems in this area. However, based on the input received, in particular, related user input, she stated that she understands that there is a strong preference for replacing the minimum reliability threshold for derivatives with expanded disclosures that highlight the subjectivity of the fair value measurement. Because giving users the information they need to make informed decisions is the primary mission of the Board, she supports the staff recommendation to eliminate the threshold.

11. Ms. Seidman stated that to ensure that the fair value measurement objective in the FVM Statement is generally understood and consistently applied, the FVM Statement should explicitly state that objective (an exit price objective), clarifying that the measurement should reflect the price the reporting entity would expect to receive if it tried to entice a third party to step into its shoes, including any pricing adjustments the third party would make as compensation for assuming the risk relating to unobservable (unverifiable) pricing inputs. She noted that the fair value hierarchy includes inputs that are largely unobservable and does not suggest that fair value is always relevant and reliable. She clarified that her vote is in the context of Statement 133 and does not suggest reconsidering existing practicability exceptions or scope exceptions that are based on assessments about the ability to reliably measure fair value.

12. Mr. Crooch explained that he was initially in favor of maintaining the minimum reliability threshold because of the abuse that resulted from marking to model prior to Issue 02-3. However, he now believes, with the benefit of extended discussions and input on that issue, that the more appropriate alternative is to allow the fair value measurements and provide disclosures so that users of financial statements have the ability to understand the effects of using those measurements, thereby enhancing transparency.

13. Mr. Herz emphasized that verifiability is a very important characteristic of accounting information. However, he acknowledged that for certain types of derivatives with significant unobservable (unverifiable) inputs, he is unable to determine what an appropriate default measurement (within Level 3) might be. Therefore, he stated that the FVM Statement should emphasize the fair value measurement objective and the need to consider and appropriately adjust for input uncertainty within Level 3. He noted that expanded disclosures about those fair value measurements in the FVM Statement would do more to achieve verifiability than the minimum reliability thresholds in either Issue 02-3 or proposed FSP FAS 133-a.

Transition

14. Ms. Thuener explained that the decision to eliminate the minimum reliability threshold will result in the FVM Statement superceding the guidance in footnote 3 of Issue 02-3. Therefore, the FVM Statement will need to address transition for the change in accounting under Issue 02-3. The effective date for the FVM Statement would apply for that change in accounting (financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years).

15. Ms. Thuener stated that in its initial deliberations of proposed FSP FAS 133-a, the Board decided to require a limited retrospective transition approach, considering the separability of the effect of the change in accounting method from the effect of the change in accounting estimate together with the need for comparability in future periods. That transition approach would require that the effect of the change in accounting under Issue 02-3 be recorded as an

adjustment to retained earnings in the period in which the change in accounting is applied (consistent with the guidance in FASB Statement No. 154, *Accounting Changes and Error Corrections*). She stated that some respondents disagreed with that transition approach. In particular, they referred to the potentially distorted and misleading income recognition relating to amounts previously deferred under Issue 02-3. A few respondents also referred to the potential conflict between the transition approach in proposed FSP FAS 133-a (limited retrospective) and in the FVM Statement (prospective).

16. Ms. Thuener stated that conceptually, the staff supports a limited retrospective transition approach for the change in accounting under Issue 02-3 for the reasons the Board initially decided to require that transition approach in proposed FSP FAS 133-a (with or without a minimum reliability threshold). However, for practical reasons, the staff prefers a prospective transition approach without a minimum reliability threshold, provided that there are full disclosures of the effect on income from continuing operations, net income, and any related per-share amounts of the current period (consistent with those required by paragraph 22 of Statement 154). She explained that without the minimum reliability threshold in proposed FSP FAS 133-a, there is no effect on comparability in future periods. Rather, the issue is how the change in accounting under Issue 02-3 should be reported (whether in earnings or as an adjustment to retained earnings), considering that the change in accounting under Issue 02-3 will be applied together with the change in accounting under the FVM Statement. A limited retrospective transition approach for that change would introduce complexity into the transition provisions of the FVM Statement, which already requires a prospective transition approach for the change in accounting methods generally, and a full retrospective transition approach for the change in the accounting method specific to blocks of financial instruments.

17. All Board members affirmed the limited retrospective transition approach in proposed FSP FAS 133-a for the change in accounting under Issue 02-3. They agreed that the change in accounting under Issue 02-3 is a change in accounting principle and that Statement 154 clearly addresses the issue of how

to report the effect of a change in accounting principle. That reporting at initial application should not be different, depending on whether the effect is a "debit" or a "credit."

18. Ms. Seidman observed that three different transition approaches in the FVM Statement would be unnecessarily complex. She suggested that the Board consider extending the limited retrospective transition approach for the change in accounting under Issue 02-3 to blocks of financial instruments, thereby requiring two, rather than three, transition approaches in the FVM Statement. All Board members agreed. Mr. Trott stated that for blocks of financial instruments, he preferred a full retrospective transition approach but that, as a practical matter, he would not object to a limited retrospective transition approach.

Disclosures

19. Mr. Belcher noted that the Board's decision to eliminate the minimum reliability threshold for derivatives is subject to expanded disclosures in the FVM Statement to enable users to specifically evaluate the effects of recurring Level 3 fair value measurements (using unobservable inputs) on income. He added that external reviewers to the October 2005 working draft of the FVM Statement, as well as respondents to proposed FSP FAS 133-a, initially expressed concerns about disclosures of those effects at initial recognition of a derivative. At that time, they indicated that those disclosures would not be cost beneficial.

20. Mr. Belcher stated that since that time, the staff worked with constituents (preparers) to develop expanded disclosures within reasonable cost benefit constraints. Having done so, he stated that the staff recommends that the Board include in the FVM Statement the expanded disclosures for recurring fair value measurements within Level 3 shown in the audience handout (the Level 3 reconciliation), revised, however, to require the disclosure of total unrealized gains or losses included in income in subsequent periods relating to assets and liabilities still held at the reporting date for each major category of assets and liabilities, not in total (as indicated). He pointed out that a total disclosure only would not segregate amounts relating to derivatives.

21. Mr. Belcher explained that users (primarily analysts) were very supportive of those disclosures. In particular:

a. The Level 3 reconciliation would allow users to make more informed judgments about adjustments in developing their own models, focusing on the quality of the fair value measurements and the related income effects.

b. The Level 3 reconciliation would be important as a means of conveying information necessary for users to make informed judgments about the ability of an entity to measure fair value as, over time, the Level 3 disclosures should provide users with a sense as to how "well" the entity is measuring fair value.

22. Mr. Belcher clarified that the disclosure of unrealized gains or losses included in income at initial recognition of an asset or liability relates to assets or liabilities still held at the reporting date. That amount is intended to be a subset of total unrealized gains or losses included in income for the period relating to assets and liabilities still held at the reporting date. He clarified that similar disclosures were included in proposed FSP FAS 133-a, but for all recurring derivative fair value measurements, not just those within Level 3.

23. Except as follows, all Board members agreed to require the disclosures shown in the audience handout, as clarified by Mr. Belcher, that require disclosure of unrealized gains or losses subsequently included in income by major category of assets and liabilities.

24. The Board decided not to require the disclosure of unrealized gains or losses included in income at initial recognition. The Board agreed that in the context of the expanded disclosures, in particular, disclosure of unrealized gains or losses subsequently included in income, that disclosure at initial recognition would not be cost beneficial; it would not convey incremental useful information. Mr. Lott added that he disagrees. He believes that disclosure at initial recognition would be useful because there is an inherent difference between unrealized gains and losses at inception of a derivative (dealer profit) and unrealized gains and losses resulting from fair value remeasurements in subsequent periods (market changes).

25. Ms. Seidman suggested that the staff expand the disclosure requirements to include a description of the line item(s) in the income statement in which total gains or losses and unrealized gains or losses included in income for the period are reported. No Board members objected.

26. Mr. Belcher referred to disclosures suggested by constituents (preparers) but not included in the staff recommendation, including the following:

a. The portion of unrealized gains or losses included in income (or changes in net assets) for the period relating to assets and liabilities still held at the reporting date attributable solely to unobservable inputs (versus observable inputs)

b. A sensitivity analysis conveying information about the variability of unrealized gains or losses for the period relating to assets and liabilities still held at the reporting date (market risk disclosures).

27. Mr. Belcher explained that with respect to specific input-driven disclosures, many preparers, including some major financial institutions, indicated that they could not reliably provide those disclosures. Further, he stated that in the FVM Statement, the Board decided not to require disclosure of significant assumptions used in measuring fair value because the volume of information that would need to be disclosed in order for that information to be meaningful would exceed any potential benefits. The staff did not recommend that sensitivity analysis because it would rely extensively on those assumptions. He asked the Board for its view on whether to require or otherwise encourage those disclosures in the FVM Statement.

28. All Board members agreed to not require or otherwise encourage those additional disclosures in the FVM Statement, noting that they would not be cost effective.

<u>Follow-up Items:</u>

25. Ms. Seidman stated that the Board and staff should plan to perform a post-implementation review of the disclosure requirements in the FVM Statement. Ms. MacDonald suggested that a post-implementation review of those disclosure requirements be performed concurrently with a post-

implementation review of derivatives disclosures under consideration in the Board's derivatives disclosures project.

General Announcements:

26. None.

Board Meeting Handout
FSP FAS 133-a Project
May 3, 2006 Board Meeting

The Board will discuss significant issues raised by respondents to proposed FSP FAS 133-a, "Accounting for Unrealized Gains (Losses) Relating to Derivative Instruments Measured at Fair Value under Statement 133." Those issues relate to the minimum reliability threshold at initial recognition of a derivative, effective date, and transition.

1. MINIMUM RELIABILITY THRESHOLD

FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities,* requires that derivatives (and other instruments) be measured at fair value with changes in fair value recognized in income (except in certain circumstances). Proposed FSP FAS 133-a would have established a minimum reliability threshold at initial recognition of the derivative to preclude immediate recognition in income of an unrealized gain or loss, measured as the difference between the transaction price and the fair value of the derivative at initial recognition, if the fair value measurement of the derivative falls within Level 3 (previously Level 5). Many respondents to proposed FSP FAS 133-a (largely financial institutions) expressed concerns about the minimum reliability threshold. In particular, they indicated that it is a "rule" that would add to the complexity in generally accepted accounting principles (GAAP).

In response, the Board will discuss whether to:

a. Eliminate the minimum reliability threshold (eliminating the need for a separate FSP), considering the benefit added by the proposed revisions to the Level 3 disclosures in the FVM Statement together with the cost (complexity) associated with the minimum reliability threshold (majority staff recommendation); or

b. Retain the minimum reliability threshold (retaining the need for a separate FSP), considering the lack of verifiability inherent in Level 3 fair value measurements and situations in which a counterparty to a derivative transaction might inappropriately recognize unrealized gains or losses at initial recognition in income when using those measurements (minority staff recommendation).

Board Meeting Handout

2. EFFECTIVE DATE

In its deliberations of proposed FSP FAS 133-a, the Board decided that the guidance proposed in FSP FAS 133-a should be effective concurrent with the guidance in the FVM Statement. The Board will discuss the staff recommendation to affirm that decision, thereby requiring that the related guidance be effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application would be permitted if the reporting entity (a) has not yet issued financial statements for that fiscal year, including any financial statements for an interim period within that fiscal year (if the Board does not issue a separate FSP) or (b) elects earlier application for the FVM Statement (if the Board issues a separate FSP).

3. TRANSITION

In its deliberations of proposed FSP FAS 133-a, the Board decided to require a limited retrospective transition approach. Therefore, the cumulative effect of the change would be applied to the carrying amount of the related assets and liabilities as of the beginning of the period in which the FSP is initially applied. An offsetting entry would be reflected in opening retained earnings for that same period. Some respondents disagreed with that transition approach, referring to the potentially distorted and misleading income recognition that would result under that approach.

In response, the Board will discuss whether to:

a. Require a prospective transition approach with supplemental disclosures in the fiscal year in which the change is initially applied (staff recommendation if the Board decides to eliminate the minimum reliability threshold); or

b. Affirm the limited retrospective transition approach together with the transition disclosures proposed in FSP FAS 133-a (staff recommendation if the Board decides to retain the minimum reliability threshold).

Board Meeting Handout

4. TIMING

The Board will discuss factors affecting the timing of issuance of the guidance in its final form, whether through the FVM Statement or separately in a final FSP. Specifically, the Board will consider the need to re-expose the related guidance and any remaining issues. If the Board decides to retain the minimum reliability threshold, remaining issues relate to the following:

a. Scope as it relates to hybrid instruments measured at fair value in their entirety and embedded derivatives that are not bifurcated and accounted for separately in accordance with Statement 133

b. Deferred debits and credits, considering subsequent accounting (possible amortization approach), presentation (gross/net), and disclosures

c. The effect of the minimum reliability threshold on transaction costs

d. Conforming amendments to Statement I33 Implementation Issues, in particular:

    1) Issue No. B6, "Allocating the Basis of a Hybrid Instrument to the Host Contract and the Embedded Derivative," considering the application of the related guidance, as amended, to insurance entities

    2) Issue No. B20, "Must the Terms of a Separated Non-Option Embedded Derivative Produce a Zero Fair Value at Inception?"

e. Incremental transition issues relating to the items listed above.

Financial Accounting Standards Board

Board Meeting Handout

Fair Value Measurement Project
May 3, 2006

The Board will reconsider the fair value disclosures for assets and liabilities remeasured at fair value on a recurring basis proposed in the October 2005 working draft of a FASB Statement on fair value measurements (FVM Working Draft), taking into account the input received to date from representative preparers and users.

RECURRING FAIR VALUE REMEASUREMENTS

A disclosure objective in the fair value project is to enable users to evaluate the effects of fair value measurements on income (or changes in net assets) for the period.

Proposed FVM Disclosures

To achieve that disclosure objective, the FVM Working Draft would have required the following disclosures:

a. Total gains or losses for the period relating to assets and liabilities remeasured at fair value on a recurring basis within *all levels* of the fair value hierarchy (by major asset and liability category); and

b. Unrealized gains or losses for the period relating to those assets and liabilities still held at the reporting date remeasured at fair value on a recurring basis within *Level 3* (in total).

In addition, proposed FSP FAS 133-a, "Accounting for Unrealized Gains (Losses) Relating to Derivative Instruments Measured at Fair Value under Statement 133," would have required disclosure of an unrealized gain or loss at initial recognition of a derivative, measured as the difference between the transaction price and the fair value of the derivative at initial recognition (measured within *all levels* of the fair value hierarchy), segregating those unrealized gains or losses included in income for the period from those unrealized gains or losses that are deferred (if the minimum reliability threshold is not met).

External reviewers to the FVM Working Draft and respondents to proposed FSP FAS 133-a expressed concerns about those disclosures. In particular, they indicated that those disclosures would not be cost beneficial.

Board Meeting Handout

Revised FVM Disclosures

Based on the input received from representative preparers and users, the Board will discuss the staff recommendation to require the following disclosures for assets and liabilities remeasured at fair value on a recurring basis within *Level 3* during the period:

a. For each major category of assets and liabilities, a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:
   (1) Total gains or losses (realized and unrealized), segregating total gains or losses included in income (or changes in net assets) for the period
   (2) Purchases, issuances, and/or settlements
   (3) Transfers in and/or out of Level 3.
b. Unrealized gains or losses included in income (or changes in net assets) at initial recognition of an asset or liability (by major category)—*if the Board eliminates the minimum reliability threshold in proposed FSP FAS 133-a.*
c. Unrealized gains or losses included in income (or changes in net assets) for the period relating to assets and liabilities still held at the reporting date (in total).

Those disclosures could be presented as follows for assets:

($ in 000s)	**Assets Remeasured on a Recurring Basis Within Level 3**		
	Derivatives	**Venture Capital Investments**	**Total**
Beginning Balance	$ 14	$ 11	$ 25
Total gains or losses (realized/unrealized):			
Included in income (or changes in net assets)	11	(3)	8
Included in OCI	4		4
Purchases, issuances, and settlements	(7)	2	(5)
Transfers in and/or out of Level 3	(2)	0	(2)
Ending Balance	$ 20	$ 10	$ 30
Unrealized gains or losses included in income (or changes in net assets) at initial recognition	$ 5	$ 0	$ 5

Unrealized gains or losses included in income (or changes in net assets) for the period relating to assets still held at reporting date	$ 10

Other FVM Disclosures

The Board also will discuss other FVM disclosures relating to assets and liabilities remeasured at fair value on a recurring basis within *Level 3* suggested by some preparers and/or users that are not included in the staff recommendation above, including the following:

a. The portion of unrealized gains or losses included in income (or changes in net assets) for the period relating to assets and liabilities still held at the reporting date attributable solely to unobservable inputs (versus observable inputs); and

b. A sensitivity analysis conveying information about the variability of unrealized gains or losses for the period relating to assets and liabilities still held at the reporting date (market risk disclosures).