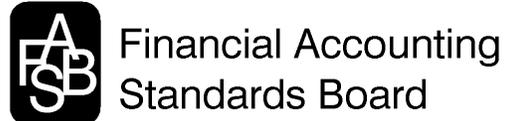


MINUTES



To: Board Members
From: Tomdio (x445)
Andrews (x354)
Subject: Minutes of the June 16, 2010 Board Meeting: Balance Sheet—Offsetting **Date:** June 17, 2010
cc: FASB: Bielstein, Golden, Stoklosa, Chookaszian, Lott, Posta, Guasp, Sutay, Klimek, Gabriele, Worshek, Bhave, Andrews, FASB Intranet; IASB: Davidson, Francis, Teixeira, Kusi-Yeboah

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: Scope of Balance Sheet—Offsetting project and information needs for further analysis

Basis for Discussion: FASB memorandum No. 1/IASB Agenda reference 4 & IASB agenda reference 4-Appendix A

Length of Discussion: 12:20 p.m. to 1:00 p.m. EST

Attendance:

Board members present: FASB: Herz, Seidman, Smith, Siegel, and Linsmeier
IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Garnet, Gélard, Gomes, Kalavacherla, Leisenring, McConnell, McGregor, J. Smith, Yamada, and Zhang

Board members absent: None

Staff in charge of topic: FASB: Worshek
IASB: Kusi-Yeboah

Other staff at Board table: IASB: Teixeira, Gavin, Davidson
FASB: Golden, Stoklosa

Staff participating via videoconference:
FASB: Bhave, Andrews, Tomdio

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Boards met to discuss issues relating to the development of a proposed Accounting Standards Update addressing balance sheet-offsetting.

The Board's technical plan calls for that document to be issued in the third quarter of 2010.

Summary of Decisions Reached:

The Boards discussed:

1. Whether the project's scope should include all assets and liabilities or just financial assets and financial liabilities

The Boards tentatively decided that the focus of the project should be on financial instruments and other instruments falling within the scope of a financial instruments standard to achieve greater convergence of the criteria for balance sheet offsetting under IFRS and U.S. GAAP. (FASB: Unanimous; IASB: Unanimous)

2. Information needed by the Boards before the next meeting

The Boards requested that the staff obtain more information on the following:

- (a) The legal enforceability of the offsetting provisions in International Swaps and Derivatives (ISDA) and other similar master netting agreements, especially in different jurisdictions
- (b) The legal enforceability of the right of offset when it is included in a contract other than in a master netting arrangement, for example, a bank's right to offset a deposit payable against a loan receivable with the same customer when the customer is in default of the loan

- (c) The usefulness of offsetting assets and liabilities in general and in particular the different types of risks (for example, credit risk, liquidity risk, and market risk)
- (d) The operations of central counter parties (CCP), the extent of protection provided by CCPs for transactions that clear through them and the legal basis of their operations.

The Boards will continue their discussion on this project at a future meeting.

General Announcements: None