

MINUTES



To: Board Members

From: Investment Companies Team

Subject: Minutes of July 16, 2012, Joint
Board Meeting

Date: July 19, 2012

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: Investment Companies

Basis for Discussion: IASB Agenda Paper 8A/FASB Memo No. 49—
Definition and Factors

Length of Discussion: 10:40 AM to 11:40 AM (EDT)

Attendance:

Board members present: FASB: Seidman, Buck, Golden, Linsmeier,
Schroeder, Siegel, L. Smith

IASB: Hoogervorst, Mackintosh, Cooper,
Engström, Finnegan, Gomes, Kalavacherla,
McConnell, Ochi, Pacter, Scott, Zhang,
Edelmann, Suh

Board members absent: FASB: None
IASB: Danjou

Staff in charge of topic: FASB: Laungani
IASB: Geisman

Other staff at Board table: FASB: Cosper, Stoklosa, Bhave, Gupta,
Anderson, Ward

IASB: Lloyd, Teixeira, Knubley, Bannister,
Pike

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Boards continued redeliberations of their Exposure Drafts to develop final guidance for investment companies. The FASB's technical plan calls for a final Accounting Standards Update to be issued in the fourth quarter of 2012.

Summary of Decisions Reached:

The FASB and the IASB continued their discussion about how an entity would determine whether it is an investment company. At the May 2012 joint Board meeting, the Boards decided that an entity would be required to meet specific criteria to be an investment company. At the July 16 joint Board meeting, the Boards decided to provide additional guidance describing the typical characteristics of an investment company that an entity would consider in determining whether it is an investment company.

The Boards decided that not meeting one or more of the typical characteristics would not necessarily preclude an entity from being an investment company. The Boards decided that if an entity does not meet one or more of the typical characteristics, it would be required to justify how its activities continue to be consistent with that of an investment company.

The Boards decided that an investment company should have all of the following typical characteristics:

1. Multiple investments
2. Multiple investors
3. Investors that are not related to the parent entity or the investment manager
4. Ownership interests in the form of equity or partnership interests.

At the May 2012 joint Board meeting, the FASB had decided that fair value management of investments would be a typical characteristic rather than a required characteristic to be an investment company. At the same joint Board meeting, the IASB had decided that an investment company would be required to manage its investments on a fair value basis to be an investment company.

The FASB voted unanimously on all above decisions.

The IASB members present voted unanimously on all above decisions.

General Announcements: None.