

## MINUTES



**To:** FASB Board Members

**From:** Accounting for Financial Instruments Team

**Subject:** August 1, 2012 FASB Board Meeting—Accounting for Financial Instruments: Classification and Measurement

**Date:** August 2, 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: Accounting for Financial Instruments: Classification and Measurement

Basis for Discussion: Memorandums 169 through 171

Length of Discussion: 8:37 a.m. to 9:17 a.m. EDT

Attendance:

Board members present: Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel, and Smith

Board members absent: None

Staff in charge of topic: Rayfield, Tyson, and Green

Other staff at Board table: Stoklosa, Handy, and Shah

Outside participants: Cancro (IASB)

**Type of Document and Timing Based on the Technical Plan:**

The Board met to discuss issues relating to the development of an Accounting Standards Update addressing the accounting for financial instruments. The Board's technical plan calls for an exposure document to be issued during the fourth quarter of 2012.

**Summary of Decisions Reached:**

*Deferred Tax Assets*

The Board discussed the feedback received on the Exposure Draft regarding the evaluation of a valuation allowance on a deferred tax asset related to a debt instrument for which qualifying changes in fair value are recognized in other comprehensive income (FVOCI). The Board directed the staff to perform additional analysis for discussion at a future meeting.

No decisions were made.

*Recognition of Foreign Currency Gains and Losses for Foreign-Currency-Denominated Debt Instruments Classified at FVOCI*

The Board discussed the recognition of foreign currency gains and losses on foreign-currency-denominated debt instruments for which qualifying changes in fair value are recognized in other comprehensive income. The Board decided to recognize foreign currency gains and losses on foreign-currency-denominated debt instruments measured at FVOCI in net income. The Board will discuss how to measure these foreign currency gains and losses at a future meeting.

Seven Board members voted in favor of this decision .

*Presentation of Debt Instruments Subsequently Identified for Sale*

The Board discussed the presentation of debt instruments that qualify for the amortized cost category at initial recognition and are subsequently identified for sale. The Board decided that an entity should present debt instruments identified for sale in a separate line item on the face of the statement of financial position (they should not be combined in a single line with debt instruments held for the collection of contractual cash flows). An entity also would be required to disclose (a) why it decided to depart from its held-for-collection business model for these instruments and (b) the amortized cost, fair value, and the resulting gain or loss recognized on the sale of such instruments during the reporting period.

Six Board members voted in favor of this decision.