

MINUTES



MEMORANDUM

To: Board Members

From: Liabilities and Equity—Targeted Improvements Team (Jones x298)

Subject: Minutes of March 22, 2017 Liabilities and Equity—Targeted Improvements Board Meeting

Date: March 29, 2017

cc: Dawn Tosches

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: Liabilities and Equity—Targeted Improvements

Basis for Discussion: Fasn Memo No. 16

Length of Discussion: 8:30 a.m. to 9:00 a.m.

Attendance:

Board members present: Golden, Kroeker, Botosan, Monk, Schroeder, and Smith

Board members absent: Siegel

Staff in charge of topic: Mazzella and Sangiuolo

Other staff at Board table: Cosper, Esposito, and Jones

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss feedback received relating to developing a final Accounting Standards Update addressing the accounting for certain financial instruments with down round features and replacing the indefinite deferral for mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable noncontrolling interests with a scope exception.

The Board has not yet determined the timing of the release of that final Accounting Standards Update.

Tentative Board Decisions:

The Board discussed the comment letter feedback received on the December 2016 proposed Accounting Standards Update, *Distinguishing Liabilities from Equity (Topic 480): I. Accounting for Certain Financial Instruments with Down Round Features, and II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception.*

Accounting for Instruments with Down Round Features

The Board instructed the staff to perform additional research. That research includes developing a potential alternative that would affect the measurement of these instruments but would not affect the classification.

(Vote: 5 to 2)

Indefinite Deferral in Topic 480 Related to Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests

The Board affirmed its decision to replace the indefinite deferral in Topic 480, *Distinguishing Liabilities from Equity*, with a scope exception to improve the readability of the *FASB Accounting Standards Codification*[®]. These amendments will not have an accounting effect.

(Vote: 5 to 2)

Navigation of the Codification

The Board decided to move the next phase of this project, improving the navigation of the guidance within the Codification, to the *Distinguishing Liabilities from Equity* project on its research agenda.

(Vote: unanimous)

General Announcements: None