

MINUTES



MEMORANDUM

To: Board Members
From: FASB Staff
Subject: Minutes of August 29, 2018 Board Meeting
Date: September 5, 2018

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: Inclusion of the Overnight Index Swap Rate based on the Secure Overnight Financing Rate as a Benchmark Interest Rate for Hedge Accounting Purposes

Basis for Discussion: FASB Memo No. 8, "Exposure Draft Comment Letter Feedback Summary, Redeliberation Decisions, and Permission to Ballot an Accounting Standards Update"

Length of Discussion: 9:00 a.m. to 9:30 a.m. (EDT)

Attendance:

Board members present: Golden, Kroeker, Botosan, Buesser, Hunt, and Schroeder
Board members absent: None
Staff in charge of topic: Um
Other staff at Board table: LaFrano and Jepsen
Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to redeliberate the amendments in the proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Inclusion of the Overnight Index Swap (OIS) Rate Based on the Secured Overnight Financing Rate (SOFR)*, and discuss comment letter feedback.

Tentative Board Decisions:

The Board discussed comments received on the proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Inclusion of the Overnight Index Swap (OIS) Rate Based on the Secured Overnight Financing Rate (SOFR) as a Benchmark Interest Rate for Hedge Accounting Purposes*, and decided to:

1. Confirm its decision to add the OIS rate based on SOFR as a U.S. benchmark interest rate. The Board also indicated it plans to continue to monitor the development of the SOFR term rate and communicated that it is prepared to consider adding a SOFR term rate as a benchmark interest rate in the future. **(Vote: 6-0)**
2. Confirm its decisions that the amendments in the final Accounting Standards Update should be applied on a prospective basis for qualifying new or redesignated hedging relationships entered on or after the date of adoption and that no additional disclosure should be required. **(Vote: 6-0)**
3. Retain the scope of the existing project and add a separate project to the Board's agenda to consider changes to GAAP necessitated by the market-wide transition from LIBOR to SOFR, with the objective of facilitating the transition. **(Vote: 6-0)**
4. Require that the effective date of this Update coincide with the effective date of Accounting Standards Update No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, if an entity has not applied Update 2017-12. If an entity already has applied Update 2017-12, the effective date of this Update will be as follows with early application permitted in any annual or interim period:
 - a. For public business entities, the amendments in this Update will be effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years.
 - b. For all other entities, the amendments in this Update will be effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. **(Vote: 6-0)**

Analysis of Costs and Benefits

The Board concluded that it has received sufficient information and analysis to make an informed decision on the issues presented and that the expected benefits of the amendments justify the expected costs. **(Vote: 6-0)**

Next Steps

The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot. **(Vote: 6-0)**

General Announcements: None.