

MINUTES



MEMORANDUM

To: Board Members

From: Accounting for Financial Instruments
Team: Credit Losses
Implementation

Subject: Minutes of October 24, 2018 Board Meeting **Date:** November 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: Codification Improvements to Topic 326,
Financial Instruments—Credit Losses

Basis for Discussion: FASB Memo No. 2, “Codification
Improvements to Topic 326, *Financial
Instruments—Credit Losses*”

Length of Discussion: 10:30 a.m. to 10:45 a.m. (EDT)

Attendance:

Board members present: Golden, Kroeker, Botosan, Buesser, Hunt, and
Schroeder

Board members absent: None

Staff in charge of topic: Shah

Other staff at Board table: Cosper, Kuhaneck, Romano, Shah,
Cryderman, LaFrano, and Jepsen

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss the comments received and redeliberated issues related to an Exposure Draft of a Proposed Accounting Standards Update, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*.

Tentative Board Decisions:

The Board discussed comment letter feedback on the proposed Accounting Standards Update, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*. The Board reaffirmed its decisions in the proposed Update to amend the guidance in Topic 326 as follows:

1. Mitigate transition complexity by providing separate and staggered effective date requirements for public business entities (PBEs) that meet the definition of a Securities and Exchange Commission (SEC) filer, PBEs that do not meet the definition of an SEC filer, and all other entities, including not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965 on plan accounting. Transition complexity would be reduced by amending paragraph 326-10-65-1 to require that nonpublic business entities, including not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965, adopt the amendments in Update 2016-13 for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years.
2. Clarify that operating lease receivables accounted for under Topic 842, Leases, are excluded from the scope of Subtopic 326-20.

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.

Next Steps

The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot.

General Announcements: None.