

MINUTES



MEMORANDUM

To: Board Members
From: Accounting for Financial Instruments Team
Subject: Minutes of the April 10, 2019 Board Meeting
Date: May 22, 2019

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: Financial Instruments—Credit Losses—Targeted Transition Relief

Basis for Discussion: FASB Memo No. 6, "Financial Instruments—Credit Losses—Targeted Transition Relief "

Length of Discussion: 9:25 a.m. to 9:45 a.m. EDT

Attendance:

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

Board members absent: None

Staff in charge of topic: Cryderman

Other staff at Board table: Cospers, Kuhaneck, Romano, Shah, and Jepsen

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss comment letter feedback and redeliberated issues related to the proposed Accounting Standards Update, *Targeted Transition Relief for Topic 326, Financial Instruments—Credit Losses*.

Tentative Board Decisions:

The Board discussed the comments received on the proposed Accounting Standards Update, *Targeted Transition Relief for Topic 326, Financial Instruments—Credit Losses*. The Board affirmed its decisions to:

1. Permit an entity to irrevocably elect the fair value option in Subtopic 825-10, *Financial Instruments—Overall*, for certain instruments within the scope of Subtopic 326-20, *Financial Instruments—Credit Losses—Measured at Amortized Cost*. An entity would be required to apply the election on an instrument-by-instrument basis for eligible instruments upon adoption of Topic 326.
2. Exclude debt securities classified as held-to-maturity from the scope of instruments eligible for the transition relief. **(Vote: 5-1)**
3. Not provide an option to discontinue fair value measurements for financial assets measured at fair value through net income and instead apply the measurement guidance in Subtopic 326-20. **(Vote: 6-0)**

Effective Date, Transition Method, Transition Disclosures

The Board decided:

1. For an entity that has not yet adopted the amendments in Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, the entity should apply the effective date and transition method for the amendments in this Update using the same effective date and transition method of Update 2016-13.
2. For an entity that has adopted the amendments in Update 2016-13, the entity should apply the amendments in this Update for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Entities should apply the amendments on a modified retrospective basis by means of a cumulative-effect adjustment to the opening retained earnings balance as of the beginning of the first reporting period in which Update 2016-13 was adopted. Early adoption will be permitted in any interim period within the fiscal years beginning after December 15, 2018, provided that an entity has adopted Update 2016-13. **(Vote: 6-0)**

Analysis of Costs and Benefits

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

Next Steps

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

General Announcements: None