

## MINUTES



**To:** Board Members  
**From:** CONPP Team (Winters, ext. 364)  
**Subject:** Minutes of January 29, 2014, Board Meeting      **Date:** February 12, 2014  
**cc:** Sutay

*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: Consolidation: Principal versus Agent Analysis  
Basis for Discussion: FASB Memo 56, Addendum 1—Rights Held by Other Parties

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

Attendance:

Board members present: Golden, Kroeker, Buck, Linsmeier, Schroeder  
Siegel, Smith

Board members absent: None

Staff in charge of topic: Winters

Other staff at Board table: Cosper, Esposito, Winick, Proctor

Outside participants: None

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

The Board's technical plan calls for a final Update to be issued in the second half of 2014.

**Tentative Board Decisions:**

The Board discussed how to further integrate rights held by other parties, one of the principal versus agent factors included in the proposed FASB Accounting Standards Update, *Consolidation (Topic 810): Principal versus Agent Analysis*, within the existing guidance in Topic 810, Consolidation. The Board decided that paragraph 810-10-15-14(b)(1) should be amended to incorporate concepts included in Subtopic 810-20, Consolidation—Control of Partnerships and Similar Entities, specifically for limited partnerships and similar legal entities. In regards to the evaluation of “voting rights or similar rights” in this paragraph, as applied only to limited partnerships and similar legal entities, the exercise of kick-out rights (including liquidation rights) or participating rights would require either a unilateral partner or a simple majority (or lower threshold) of partners (including the general partner) to meet the condition in that paragraph. Kick-out rights (including liquidation rights) or participating rights would be defined as they are in the proposed Update. No changes were made to paragraph 810-10-15-14(b)(1) for all other types of entities.

(Vote: 7 to 0)

The Board also considered but decided not to change existing GAAP requirements for evaluating kick-out rights (including liquidation rights) or participating rights, as defined in the proposed Update, within the measurement Section of Subtopic 810-10 (related to variable interest entities). Such rights would continue to affect the analysis of paragraph 810-10-25-38A(a) only when held by a single enterprise (including its related parties and de facto agents) and when exercisable on a unilateral basis as specified in paragraph 810-10-25-38C.

(Vote: 7 to 0)

**General Announcements:**

None.