FASB FINANCIAL ACCOUNTING STANDARDS BOARD

MEMO		Memo No.	**17**
		Issue Date	**March 22, 2019**
		Meeting Date	**PCC April 2, 2019**

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Project	**Balance Sheet Classification of Debt**		
Project Stage	**Redeliberations**		
Issue(s)	**Unused Financing Arrangements, Revised Proposed Update**		

Memo Purpose

1. In January 2017, the FASB issued the proposed Accounting Standards Update, *Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)*, with a comment letter deadline in May 2017. Since September 2017, the project has been in the redeliberations phase. The purpose of this memo is to provide the Private Company Council (PCC) with a project update, focusing on decisions made by the Board at its March 20, 2019 meeting.

2. This memo is organized as follows:

   (a) Issue Background—Unused Financing Arrangements

   (b) History of Tentative Board Decisions—Unused Financing Arrangements

   (c) Revised Proposed Update

   (d) Appendix A: Tentative Board Decisions Reached to Date.

Issue Background—Unused Financing Arrangements

3. The amendments in the proposed Update included the following debt classification principle:

   470-10-45-22 Debt arrangements and other instruments within the scope of this Subtopic (see paragraph 470-10-15-3 through 15-4) shall be classified as noncurrent liabilities in a classified balance sheet if either of the following criteria is met as of the balance sheet date:

   a. The liability is contractually due to be settled more than one year (or **operating cycle**, if longer) after the balance sheet date.

b. The entity has a contractual right to defer settlement of the liability for at least one year (or operating cycle, if longer) after the balance sheet date.

4. The proposed amendments also included the following illustrative example, which includes a financing arrangement:

> > Example 2: Classification by the Issuer of Redeemable Instruments That Are Subject to Remarketing Agreements

470-10-55-7 This Example illustrates the guidance for the appropriate classification by the issuer of debt if all of the following conditions exist:

a. The debt has a long-term maturity (for example, 30 to 40 years).
b. The debt holder may redeem or ~~put~~demand repayment of the bond on short notice (7 to 30 days).
c. The issuer has a remarketing agreement that states that the third-party agent will make its best effort to remarket the bond when redeemed.
d. The debt is secured by a short-term letter of credit that provides protection to the debt holder in the event that the redeemed debt cannot be remarketed. (Amounts drawn against the letter of credit are payable back to the issuer of the letter of credit by the issuer of the redeemable debt instrument~~ on the same day that the drawdown occurs~~.) The borrower obtains the letter of credit at the inception of the debt arrangement.

470-10-55-8 Debt agreements that allow a debt holder to redeem (or ~~put~~demand payment of) a debt instrument on demand (or within one year, or **operating cycle**, if longer) should be classified as current~~short-term~~ liabilities because none of the criteria for noncurrent classification in paragraph 470-10-45-22 have been met~~despite the existence of a best-efforts remarketing agreement. That is, unless the issuer of the redeemable debt instrument has the ability and intent to refinance the debt on a long-term basis as provided for in paragraph 470-10-45-14, the debt should be classified as a current liability~~.

470-10-55-9 In this Example, the obligation would be classified by the issuer as noncurrent only if the letter-of-credit arrangement allows the borrower to defer the payment for a period greater than one year (or operating cycle, if longer) from the balance sheet date~~meets the requirements of paragraph 470-10-45-14(b)~~. The fact that the letter of credit provider is with a different party than the original debt holder is not relevant when determining the classification of the debt.

5. Several respondents to the proposed Update (public accounting firms and an association group) requested that the Board clarify how a borrower should evaluate the terms of a debt arrangement and other financing arrangements in place at the balance sheet date (for example, a term debt arrangement and a letter of credit) when applying the debt classification principle.

6. The respondents' request for clarity stems from paragraph 470-10-55-9 in Example 2 whereby bonds in which the debt holder can demand repayment on short notice would be classified by the borrower as a noncurrent liability when a letter-of-credit arrangement allows the borrower to defer payment for

a period greater than one year. Respondents indicated that it is unclear how the application of the classification principle to the fact pattern in Example 2 would result in a noncurrent liability classification. In other words, there is a disconnect between the conclusion in paragraph 470-10-55-9 of Example 2 and the application of the classification principle.

History of Tentative Board Decisions—Unused Financing Arrangements

September 2017

7. The Board clarified that the contractual terms of both the debt arrangement and any other financing arrangements that are in place at the balance sheet date should be evaluated under the classification principle. That is, if a long-term financing arrangement is in place as of the balance sheet date (for example, an unused line of credit), the amount of current maturities for any other debt arrangements would be reduced by the unused amount of the long-term financing arrangement up to the amount of those current maturities and classified as a noncurrent liability.

PCC Feedback on the September 2017 Decision

8. At its June 2018 meeting, the PCC provided the following feedback on the Board's September 2017 decision:

   (a) The application of this tentative decision would change practice, resulting in a shift in the classification of certain debt from a current liability to a noncurrent liability and results in less transparent information for financial statement users because the noncurrent liability classification would not reflect the current contractual maturities of debt.

   (b) Three PCC members (two users and one preparer) noted that applying this tentative decision would inappropriately change certain ratios and would allow for manipulation of those ratios; for example, an increase to the current ratio would be expected when applying the Board's tentative decision.

   (c) Management intent would be ignored, which would result in less relevant financial reporting. While amounts may be available under a line of credit, an entity may not intend to borrow on the line of credit to pay down other debt. Rather, an entity may intend to use that line of credit for other purposes. Therefore, even in situations in which an entity has no intent to borrow on an unused long-term financing arrangement to pay down other debt, that entity would still classify the current maturities of other debt as a noncurrent liability.

   (d) One PCC member (a user) commented that companies could continually structure their financing arrangements to achieve noncurrent classification although a portion of the debt classified as noncurrent is contractually due within 12 months from the balance sheet date. That user also asserted that the Board's tentative decision would allow an entity to "dress up" its balance sheet due only to “good fortune” that a line of credit had some availability at year end, which does not seem to provide the result the Board intended.

(e) The borrowing capacity on a line of credit often is tied to levels of inventory or accounts receivable. Consequently, available borrowings can fluctuate. There may be circumstances, such as seasonality in the operations of a business, that result in significant variations in borrowing capacity. For private companies that do not prepare interim financial statements, current maturities of other debt would be classified as a noncurrent liability until the next annual financial statements are issued a year later although the underlying facts and circumstances of the unused line of credit that led to a noncurrent liability classification would have changed.

(f) The tentative decision on unused financing arrangements is broad and it allows for any unused long-term financing arrangement to reduce current maturities of other debt. For example, an entity could enter into a long-term financing arrangement with a related party or a creditor that is not expected to be financially capable of honoring the agreement, yet the tentative decision would still result in a shift in the classification of current maturities of debt to a noncurrent liability.

(g) Evaluating all unused long-term financing arrangements would introduce more complexity into the application of the guidance. Consequently, the tentative decision appears to be inconsistent with the objective of the project, which is to simplify the guidance for determining whether debt should be classified as a current or noncurrent liability while providing more consistent and transparent information to financial statement users.

August 2018

9. The Board reversed the September 2017 tentative decision and decided that an unused long-term financing arrangement in place at the balance sheet date should be disregarded in determining the classification of debt. The Board reached that conclusion for the following reasons:

(a) Disregarding unused long-term financing arrangements when determining the classification of debt would increase the transparency and relevance of financial information for users because debt classification would better reflect the contractual maturities of the debt arrangement.

(b) Debt classification would be consistent with criteria (a) in paragraph 470-10-45-22 of the proposed classification principle (referenced in paragraph 3 of this memo) because principal payments of debt that are contractually due within 12 months from the balance sheet date would be classified as a current liability.

(c) Disregarding unused long-term financing arrangements would simplify the guidance on determining the classification of debt, which would meet the objective of the project to reduce the cost and complexity for preparers and auditors when determining the classification of debt while providing more consistent and transparent information to financial statement users.

PCC Feedback on Disregarding Unused Financing Arrangements in Determining the Classification of Debt

10. At its June 2018 meeting, the PCC unanimously supported an alternative to disregard unused long-term financing arrangements in determining the classification of debt, for the following reasons:

    (a) Disregarding unused long-term financing arrangements in determining the classification of debt would increase transparency for financial statement users, decrease the potential for manipulation of the debt classification guidance, and decrease the cost and complexity in applying the guidance.

    (b) One PCC member (an auditor) commented that, when considering what it means to have a contractual right to defer settlement, it is most appropriate to determine the classification of a debt arrangement based on its contractual terms, not on the basis of the contractual terms of another financing arrangement. In other words, the classification of a debt arrangement should not be influenced by the terms of another financing arrangement.

    (c) One PCC member (an auditor) noted that a line of credit agreement is generally in place for a specific reason, such as to cover operating expenses. A line of credit is not typically used to pay down or settle another debt arrangement and, therefore, the financing arrangement should not affect the classification of other debt.

March 2019

Board Decision—Unused Financing Arrangements

11. Following the August 2018 Board meeting, the Board directed the staff to conduct additional research, focusing on (a) scenarios in which an entity has a redeemable instrument that is subject to a remarketing agreement and is also secured by a long-term letter of credit, (b) a potential alternative that considers the contractual linkage between certain debt arrangements and unused long-term financing arrangements in place at the balance sheet date, and (c) the underlying economics of and the markets for those arrangements and illustrative examples. At its March 20, 2019 meeting, although some Board members expressed a preference to change the scope or to drop the project, the Board ultimately affirmed its August 2018 tentative decision that an unused long-term financing arrangement in place at the balance sheet date should be disregarded in determining the classification of debt. Many of the reasons provided by the Board in affirming its decision were consistent with the reasons provided in paragraphs 9 and 10 of this memo.

Contractual Linkage Approach—Alternative Considered and Rejected

12. The Board also considered and rejected an alternative approach referred to as the *contractual linkage approach*. In that approach, an entity would consider the contractual linkage between debt arrangements and other financing arrangements in determining the classification of debt. An entity would be required to apply certain conditions that are centered around the terms of the financing

arrangement. If those conditions are met, an entity would be required to classify a debt arrangement as a noncurrent liability when a contractually linked financing arrangement/liquidity facility exists.

13. The Board preliminarily discussed requiring that the following conditions are met under the contractual linkage approach:
    (a) The financing arrangement includes:
        (i) An explicit reference that it provides liquidity support to the debt arrangement
        (ii) A provision in which its proceeds only can be used for purposes of payment of the associated debt arrangement.
    (b) The lender or prospective lender or investor with which the entity has entered into the financing agreement is expected to be financially capable of honoring the agreement.
14. If the conditions in paragraph 13 of this memo are met, the following proposed guidance also should be applied:
    (a) The financing arrangement must be in place as of the balance sheet date (consistent with the proposed debt classification principle).
    (b) The financing arrangement does not expire within one year (or operating cycle) from the date of an entity's balance sheet (consistent with the proposed debt classification principle).
    (c) No violation of any provision in the financing arrangement exists at the balance sheet date or, if one exists at the balance sheet date, all of the conditions in the waiver exception guidance have been met (proposed paragraph 470-10-45-23).
    (d) An entity should separately present, in a classified balance sheet, the amount of debt that is classified as a noncurrent liability because of waivers obtained after the balance sheet date (proposed paragraph 470-10-45-24).
15. A majority of the Board rejected the contractual linkage approach for the following reasons:
    (a) It would increase the cost and complexity in determining the classification of debt, which is contrary to the objective of the project, which is to reduce the cost and complexity for preparers and auditors when determining the classification of debt while providing more consistent and transparent information to financial statement users.
    (b) Classifying redeemable debt as a noncurrent liability in situations in which an entity has an unused long-term financing arrangement provides misleading balance sheet information to investors because the debt holder can demand repayment on short notice.
    (c) The terms of a financing arrangement should not influence the classification of other debt.

(d) Under the contractual linkage approach, the entity does not have the unilateral ability to defer payment. The ability to defer payment is based on the financial capability of the liquidity facility provider to honor its arrangement. It would be costly and complex for an entity to determine that the liquidity provider is financially capable of honoring the arrangement. It is also unclear what the definition of *capable* is and how that assessment would be completed.

16. One Board member supported the contractual linkage approach for the following reasons:

(a) It is consistent with the proposed debt classification principle because an entity would have a contractual right to defer settlement (criteria (b) in paragraph 470-10-45-22 of the proposed principle) if certain conditions are met.

(b) It is responsive to the concerns raised by certain stakeholders in which classifying redeemable debt as a current liability when a long-term financing arrangement is in place that secures the redeemable debt would result in less useful information to financial statement users.

(c) The potential required conditions are operable and understandable to financial statement preparers and auditors.

(d) It is a cost-effective solution.

Illustration—Application of Alternatives

17. To assist the PCC's discussion at its April meeting, the following example illustrates the application of the Board's tentative decision (as well as the contractual linkage approach that was considered by the Board).

<table>
<tr><th colspan="2">Redeemable Instrument with a Remarketing Agreement and a Letter of Credit</th></tr>
<tr><td colspan="2">
As of December 31, 2018, Company A (issuer) has a variable-rate demand obligation with a stated maturity date of March 2043.
The debt holder may redeem or demand repayment of the bond on short notice (7 – 30 days).
The issuer has a remarketing agreement in which a third-party agent will make its best effort to remarket the bond when redeemed.
The debt is secured by a letter of credit (expiration date: March 31, 2020) that is in place at the balance sheet date and that provides protection to the debt holder if the redeemed debt cannot be remarketed.
The letter of credit arrangement includes an explicit reference to the variable-rate demand obligation and its proceeds only can be used for payment of the variable-rate demand obligation.
The provider of the letter of credit is a large reputable bank with a strong credit rating.
There are no covenant violations in the letter of credit as of the balance sheet date.
</td></tr>
<tr><td colspan="2">How would the redeemable debt be classified on the entity's classified balance sheet as of December 31, 2018?</td></tr>
<tr><td>Based on the Board decision

The redeemable debt would be classified as a current liability.</td><td>Based on the contractual linkage approach that was considered by the Board

The redeemable debt would be classified as a noncurrent liability.</td></tr>
</table>

Why? The liability is contractually due to be settled in less than one year because the bondholder could demand repayment on short notice. A contractual right to defer settlement of the liability does not exist because the terms of the letter of credit are not considered in determining the classification of debt.	Why? The conditions in the contractual linkage approach are met. That is, the letter of credit explicitly references the redeemable debt arrangement and its proceeds only can be used to repay the redeemable debt. For purposes of this example, it is assumed that the lender is financially capable of honoring the letter of credit arrangement. Furthermore, the financing arrangement was in place as of the balance sheet date and expires more than one year after the balance sheet date. No covenant violations exist at the balance sheet date.

Revised Proposed Update

18. At its March 20, 2019 meeting, the Board affirmed its previous decision that an unused financing arrangement in place at the balance sheet date should be disregarded in determining the classification of debt (and rejected the contractual linkage approach), but tentatively decided to issue a revised proposed Update, with a comment period of 45 days. The Board plans to discuss the revised proposed Update at a future meeting.

Appendix A: Tentative Board Decisions Reached to Date

A1. This appendix provides a summary of Board decisions reached to date on the balance sheet classification of debt project, as posted on the project's webpage as of March 20, 2019.

Topic	Decisions Reached	Meeting Date	Board Memo Number(s)
Topic 470, Debt	• The Board decided to add this project to the technical agenda as part of its Simplification Initiative.	August 13, 2014	1
Classification Principle	• The Board decided that an entity should classify a debt as noncurrent if one or both of the following criteria are met as of the balance sheet date: ○ The liability is contractually due to be settled more than one year (or operating cycle, if longer) after the balance sheet date. ○ The entity has a contractual right to defer settlement of the liability for at least one year (or operating cycle, if longer) after the balance sheet date. • The Board decided that decisions about the classification of debt should be made based on facts and circumstances that exist as of the reporting date (that is, as of the balance sheet date).	January 28, 2015	2
Scope	• The Board decided that the scope of the guidance should apply to all debt arrangements.	January 28, 2015	2
	• The Board decided to clarify that convertible debt instruments and liability-classified mandatorily redeemable financial instruments are included in the scope of the proposed guidance.	July 29, 2015	3

Presentation	• The Board agreed that under the proposed classification principle, subjective acceleration clauses affect the classification of the debt when triggered.	July 29, 2015	3
	• The Board decided to provide an exception to the classification principle for waivers of debt covenant violations received after the reporting date but before financial statements are issued. The exception would apply to all waivers, except for those that result in a debt modification or an extinguishment (as defined in Subtopic 470-50, Debt—Modifications and Extinguishments). This exception would retain the probability assessment that is performed under existing generally accepted accounting principles (GAAP) in paragraph 470-10-45-1(b). The Board also decided to require separate presentation in the balance sheet for debt that is classified as noncurrent as a result of this exception.	July 29, 2015	3
Disclosures	• The Board decided to require disclosures of debt covenant violations and disclosures of significant subjective acceleration clauses and debt covenants.	July 29, 2015	3
Transition Method and Transition Disclosures	• The Board decided that in the first interim and annual financial statements following the effective date, an entity would apply the proposed amendments on a prospective basis to all debt that exists as of that date. The Board also decided that the following transition disclosures on Topic 250, Accounting Changes and Error Corrections, should be required: ○ The nature of and reason for the change in accounting principle ○ The effect of the change on affected financial statement line items in the current period.	July 29, 2015	3

Next Steps	• The Board directed the staff to draft guidance in a proposed Accounting Standards Update for vote by written ballot, with a comment period of 60 days.	July 29, 2015	3
Classification Principle	• The Board affirmed its plan to move forward to a proposed Update that includes a debt classification principle based on legal terms. The proposed Update would include an exception for the classification of debt with waivers of debt covenant violations received after the reporting date but before financial statement issuance.	October 19, 2016	7
Presentation	• The Board affirmed its prior decision to require separate line item presentation for debt that is classified as a noncurrent liability as a result of an exception for waivers of debt covenant violations received after the reporting date but before financial statement issuance.	October 19, 2016	7
	• The Board affirmed its decision to retain the probability assessment in current GAAP for waivers of debt covenant violations. The Board directed the staff to modify the existing guidance on the assessment that a company would be required to make when a debt covenant is violated at the reporting date and a waiver is obtained after the reporting date for a period greater than 12 months. The clarification would require an entity to assess whether violation of any other covenants (not covered by the waiver) is probable within 12 months from the reporting date. If probable, the related debt would be required to be classified as current.	October 19, 2016	7
Recognition	• The Board decided not to change current GAAP on the recognition of fees paid by a company for waivers of debt covenant violations.	October 19, 2016	7

Disclosures	• The Board decided to require disclosure of subjective acceleration clauses and loan covenants when they are triggered.	October 19, 2016	7
Transition Method and Early Adoption	• The Board affirmed its decision to require an entity to apply the changes resulting from this project on a prospective basis to all debt that exists as of the effective date. The Board decided that an entity would be able to early adopt the proposed changes.	October 19, 2016	7
Next Steps	• The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot. The Board extended the comment period from 60 days to end no earlier than Friday, May 5, 2017.	October 19, 2016	7
Topic 470, Debt	• The Board discussed a summary of comments received on the proposed Accounting Standards Update, Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent). No decisions were made.	June 28, 2017	8
Next Steps	• The Board directed the staff to continue its additional outreach and research, focusing on the evaluation process done by regulatory bodies, particularly with the construction industry and state licensing agencies. The staff will present the prior outreach, the additional outreach results, and analysis of the issues for redeliberations at a future Board meeting.	June 28, 2017	8
Classification Principle	• The Board affirmed the proposed amendments that debt and other instruments within the scope of the final Update should be classified as noncurrent liabilities in a classified balance sheet if either of the following criteria is met as of the balance sheet date: ○ The liability is contractually due to be settled more than one year (or operating cycle, if longer) after the balance sheet date.	September 13, 2017	10

	○ The entity has a contractual right to defer settlement of the liability for at least one year (or operating cycle, if longer) after the balance sheet date. • The Board decided to clarify the following: ○ The issuance of equity instruments does not constitute settlement when determining whether debt should be classified as current or noncurrent ○ If, before the balance sheet date, an arrangement is in place with a third party (for example, a line of credit) that would result in the entity avoiding the transfer of current assets within 12 months from the balance sheet date, the debt should be classified as noncurrent because the entity has a contractual right to defer settlement.		
Scope	• The Board decided to modify the proposed scope to clarify that the classification principle should apply to lease liabilities (under Topic 842, Leases).	September 13, 2017	10
Presentation	• The Board affirmed the proposed amendments to provide an exception to the classification principle for waivers of debt covenant violations received after the balance sheet date but before the financial statements are issued. That exception would continue to require an entity to classify a debt arrangement as a noncurrent liability when there has been a debt covenant violation, if the entity receives a waiver of that violation that meets certain conditions before the financial statements are issued (or available to be issued). The Board also affirmed the conditions that must exist for an entity to qualify for that exception.	September 13, 2017	10
	• The Board affirmed the proposed amendments that an entity should separately present, in a classified balance sheet, the amount of debt that is classified as a noncurrent liability because of waivers obtained after the balance sheet date.	September 13, 2017	10

	• The Board affirmed the proposed amendments for short-term debt that is refinanced on a long-term basis after the balance sheet date. The classification principle should apply to those arrangements, which would result in an entity classifying those debt arrangements as current liabilities.	September 13, 2017	10
Disclosures	• The Board affirmed the proposed amendments that would require an entity to disclose information about events of default.	September 13, 2017	10
Implementation Guidance and Illustrative Disclosures	• The Board affirmed the proposed implementation guidance and illustrative examples with revisions to conform and clarify that guidance, as needed.	September 13, 2017	10
Transition Method and Transition Disclosures	• The Board affirmed the proposed transition guidance that an entity should apply a prospective method of transition. That transition would be applied to all debt arrangements and other instruments within the scope that exist at the date of adoption and after that date. • The Board also affirmed the proposed amendments on transition disclosures.	September 13, 2017	10
Effective Date	• The Board decided that the effective date: ○ For public business entities will be for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. ○ For all other entities will be for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.	September 13, 2017	10
Early Adoption	• The Board affirmed the early adoption is permitted.	September 13, 2017	10
Costs and Benefits	• The Board decided that the expected benefits justify the expected costs of the changes and directed the	September 13, 2017	10

	staff to draft an Accounting Standards Update for vote by written ballot.		
Classification Principle—Unused Long-Term Financing Arrangements	• The Board reversed its previous decision that if a long-term financing arrangement is in place as of the balance sheet date (for example, an unused line of credit), the amount of current maturities for any other debt arrangements would be reduced by the unused amount of the long-term financing arrangement up to the amount of the current maturities and classified as a noncurrent liability. Therefore, an unused long-term financing arrangement in place at the balance sheet date should be disregarded in determining the classification of debt. • The Board directed the staff to conduct additional outreach, focusing on scenarios in which an entity has a redeemable instrument that is subject to a remarketing agreement and is also secured by a long-term letter of credit.	August 22, 2018	12
Grace Periods	• The Board clarified how to apply the debt classification principle when a debt covenant violation exists and the creditor provides a grace period. Specifically, the Board decided that when a borrower violates a provision of a long-term debt agreement and the creditor provides a specified grace period for the borrower to cure the violation, which makes the debt no longer callable at the balance sheet date, the borrower should classify the debt as a noncurrent liability. • The Board decided to require an entity to disclose information when a borrower violates a provision of a long-term debt agreement and the creditor provides a specified grace period. That disclosure would be required when (1) the violation has not been cured before the financial statements are issued (or are available to be issued) and (2) the violation would make the long-term obligation callable.	August 22, 2018	12

Effective Date	• The Board decided that the effective date: ○ For public business entities, will be for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. ○ For all other entities, will be for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.	August 22, 2018	12
Next Steps	• The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot.	August 22, 2018	12
Next Steps	• No technical decisions were made. The Board directed the staff to conduct additional research, focusing on a potential alternative that considers the contractual linkage between certain debt arrangements and unused long-term financing arrangements in place at the balance sheet date. That research also would consider the need to include other conditions within or surrounding that financing arrangement, such as the financial capability of the lender, the existence of a subjective acceleration clause, the required use of the proceeds, and the timing and terms of the arrangements.	October 24, 2018	14
Next Steps	• The Board directed the staff to continue its research on a potential alternative that considers the contractual linkage between certain debt arrangements and unused long-term financing arrangements in place at the balance sheet date. That research would consider the underlying economics of and the markets for those arrangements and illustrative examples related to unused long-term financing arrangements.	January 23, 2019	15
Classification Principle—Unused Long-Term Financing Arrangements	• The Board affirmed its previous decision that an unused long-term financing arrangement in place at	March 20, 2019	16

	the balance sheet date should be disregarded in determining the classification of debt.		
Disclosures	• The Board decided not to amend the disclosure requirements on the combined aggregate amount of maturities in Topic 470 as part of this project.	March 20, 2019	16
Next Steps	• The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot, with a comment period of 45 days.	March 20, 2019	16