

FINANCIAL ACCOUNTING SERIES

ACCOUNTING STANDARDS UPDATE

No. 2016-19
December 2016

Technical Corrections and Improvements

An Amendment of the *FASB Accounting Standards Codification*®

Financial Accounting Standards Board

The *FASB Accounting Standards Codification*[®] is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. An Accounting Standards Update is not authoritative; rather, it is a document that communicates how the Accounting Standards Codification is being amended. It also provides other information to help a user of GAAP understand how and why GAAP is changing and when the changes will be effective.

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Summary

Why Is the FASB Issuing This Accounting Standards Update (Update)?

Since the *FASB Accounting Standards Codification*[®] was established in September 2009 as the source of authoritative generally accepted accounting principles (GAAP) to be applied by nongovernmental entities, stakeholders have provided suggestions for minor corrections and clarifications. The Accounting Standards Codification's *About the Codification* describes the FASB's procedure for responding to submissions, which involves the staff analyzing and processing the submissions and including any resulting changes to the Accounting Standards Codification in maintenance updates or in an Accounting Standards Update.

The Board has a standing project on its agenda to address suggestions received from stakeholders on the Accounting Standards Codification and to make other incremental improvements to GAAP. This perpetual project will facilitate Accounting Standards Codification updates for technical corrections, clarifications, and minor improvements and should eliminate the need for periodic agenda requests for narrow and incremental items. These amendments are referred to as technical corrections and improvements.

The Board decided that the types of issues that it will consider through this project are changes to clarify the Accounting Standards Codification or correct unintended application of guidance that is not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The amendments in this Update include items raised to the Board through the Accounting Standards Codification's feedback mechanism and are items that met the scope of this project, rather than that of a maintenance update, making due process necessary. Maintenance updates include nonsubstantive corrections to the Accounting Standards Codification, such as editorial corrections, various types of link-related changes, and changes to source fragment information that is used for the Cross Reference and Printer-Friendly with Sources options of the Accounting Standards Codification.

Who Is Affected by the Amendments in This Update?

This Update contains amendments that affect a wide variety of Topics in the Accounting Standards Codification.

The amendments in this Update apply to all reporting entities within the scope of the affected accounting guidance.

What Are the Main Provisions?

The amendments in this Update cover a wide range of Topics in the Accounting Standards Codification. The reason for each amendment is provided before each of the amendments for clarity and ease of understanding. The amendments generally fall into one of the types of categories listed below.

1. **Amendments related to differences between original guidance and the Accounting Standards Codification:** These amendments arose because of differences between original guidance (for example, FASB Statements, Emerging Issues Task Force [EITF] Issues, and so forth) and the Accounting Standards Codification. These amendments principally carry forward pre-Codification guidance or subsequent amendments into the Accounting Standards Codification. Many times, either the writing style or phrasing of the original guidance did not directly translate into the Accounting Standards Codification format and style. As a result, the meaning of the guidance might have been unintentionally altered. Alternatively, amendments in this category may relate to guidance that was codified without some text, reference, or phrasing that, upon review, was deemed important to the guidance.
2. **Guidance clarification and reference corrections:** These amendments provide clarification through updating wording, correcting references, or a combination of both. In most cases, the feedback suggested that, without these enhancements, guidance may be misapplied.
3. **Simplification:** These amendments streamline or simplify the Accounting Standards Codification through minor structural changes to headings or minor editing of text to improve the usefulness and understandability of the Accounting Standards Codification.
4. **Minor improvements:** These amendments improve the guidance and are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities.

This Update includes simplification and minor improvements to Topics on insurance and troubled debt restructuring that result in numerous editorial changes to the Accounting Standards Codification. The changes are not expected to affect current accounting practice or result in any significant costs.

The amendments on insurance are intended to simplify and improve the readability of select guidance in Subtopic 715-30, Compensation—Retirement Benefits—Defined Benefit Plans—Pension, and Subtopic 715-60, Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement, and Topic 944, Financial Services—Insurance. Because the guidance was developed over time in these areas, several different but similar terms were used to represent participating insurance. Currently, these Subtopics and Topic use the terms

participating contract, *participating insurance contract*, and *participating insurance* interchangeably throughout the Accounting Standards Codification. As a result, each Master Glossary term contains minor editorial differences. The amendment in this Update results in consistent use of the term *participating insurance* throughout the relevant guidance.

Similarly, the guidance in Topic 825, Financial Instruments, and Topic 944 use the terms *reinsurance receivable* and *reinsurance recoverable* interchangeably. The amendment in this Update uses the term *reinsurance recoverable* consistently within these two Topics because that is the more commonly used term in the industry. The use of the consistent terms *participating insurance* and *reinsurance recoverable* results in clearer, unified guidance and simplifies the Accounting Standards Codification.

The amendment in this Update on troubled debt restructuring removes the term *debt* from the Master Glossary. The current definition was codified from guidance that was specific to troubled debt restructuring. Because of its inclusion in the Master Glossary, the definition might be used by analogy to other Topics that use the term *debt* but are unrelated to troubled debt restructuring. The Board does not consider the definition of *debt* used in the troubled debt guidance to be robust enough to be used by analogy or by reference to other Topics. The amendment in this Update restricts the use of the current definition to Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors, and Subtopic 470-60, Debt—Troubled Debt Restructurings by Debtors.

How Do the Main Provisions Differ from Current Generally Accepted Accounting Principles (GAAP) and Why Are They an Improvement?

The amendments in this Update represent changes to clarify, correct errors, or make minor improvements to the Accounting Standards Codification. The amendments make the Accounting Standards Codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications.

What Are the Transition Requirements and When Will the Amendments Be Effective?

Most of the amendments in this Update do not require transition guidance and are effective upon issuance of this Update.

Six amendments in this Update clarify guidance or correct references in the Accounting Standards Codification that could potentially result in changes in current practice because of either misapplication or misunderstanding of current

guidance. Early adoption is permitted for the amendments that require transition guidance. Those amendments are identified and described as follows:

1. The amendment to Subtopic 350-40, Intangibles—Goodwill and Other—Internal-Use Software, adds a reference to guidance to use when accounting for internal-use software licensed from third parties that is within the scope of Subtopic 350-40. The transition guidance for that amendment is the same as the transition guidance in Accounting Standards Update No. 2015-05, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, to which the amendment relates.
2. The amendment to Subtopic 360-20, Property, Plant, and Equipment—Real Estate Sales, corrects the guidance to include the final decision of the EITF that loans insured under the Federal Housing Administration and the Veterans Administration do not have to be fully insured by those government-insured programs to recognize profit using the full accrual method. The transition guidance for that amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements.
3. The amendment to Topic 820, Fair Value Measurement, clarifies the difference between a *valuation approach* and a *valuation technique* when applying the guidance in that Topic. That amendment also requires an entity to disclose when there has been a change in either or both a *valuation approach* and/or a *valuation technique*. The transition guidance for the amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements.
4. The amendment to Subtopic 405-40, Liabilities—Obligations Resulting from Joint and Several Liability Arrangements, which clarifies that for an amount of an obligation under an arrangement to be considered fixed at the reporting date, the amount that must be fixed is not the amount that is the entity's portion of the obligation but, rather, is the obligation in its entirety. The transition guidance for that amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements.
5. The amendment to Subtopic 860-20, Transfers and Servicing—Sales of Financial Assets, aligns implementation guidance in paragraph 860-20-55-41 with its corresponding guidance in paragraph 860-20-25-11. That amendment clarifies the considerations that should be included in an analysis to determine whether a transferor once again has effective control over transferred financial assets. The transition guidance for that amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements.
6. The amendment to Subtopic 860-50, Transfers and Servicing—Servicing Assets and Liabilities, adds guidance that existed in AICPA Statement of

Position 01-6, *Accounting by Certain Entities (Including Entities with Trade Receivables) That Lend to or Finance the Activities of Others*, on the accounting for the sale of servicing rights when the transferor retains loans that was omitted from the Accounting Standards Codification. The transition guidance for the amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements.

Amendments to the *FASB Accounting Standards Codification*[®]

Introduction

1. The Accounting Standards Codification is amended as described in paragraphs 2–237. In some cases, to put the change in context, not only are the amended paragraphs shown but also the preceding and following paragraphs. Terms from the Master Glossary are in **bold** type. Added text is underlined, and deleted text is ~~struck out~~.

Amendments to Master Glossary

2. Before the issuance of the amendments in Accounting Standards Update No. 2014-06, *Technical Corrections and Improvements Related to Glossary Terms*, the Master Glossary included three definitions for the term *benefits*. The amendments in Update 2014-06 superseded Definitions 1 and 2 of that term and amended Definition 3 to include information specific to health and welfare plans and pension plans. The amendments in Update 2014-06 also linked terms in Topic 965, Plan Accounting—Health and Welfare Benefit Plans, to the Master Glossary terms *benefits* and Definition 1 of *plan assets*. However, the current definitions of *benefits* and *plan assets* do not properly incorporate health and welfare plans because those plans are not limited to retirees or inactive employees in a postretirement period. This amendment modifies those Master Glossary terms to clarify the applicability to health and welfare plans.

3. Amend the following Master Glossary terms, with no link to a transition paragraph, as follows:

Benefits

The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a pension plan or ~~other postretirement benefit plan, including a health and welfare plan (which can include active, terminated, and retired employees or their dependents or beneficiaries). Examples of benefits may include, but are not limited to,~~ health care benefits, life insurance, legal, educational, and advisory services, pension benefits, disability benefits, death benefits, and benefits due to termination of employment.

Plan Assets (Definition 1)

Assets—usually stocks, bonds, and other investments (except certain insurance contracts as noted in paragraph 715-60-35-109)—that have been segregated and

restricted (usually in a trust) to be used for ~~postretirement benefits~~ a health and welfare plan (which can include active, terminated, and retired employees or their dependents or beneficiaries). The amount of plan assets includes amounts contributed by the employer, and by plan participants for a contributory plan, and amounts earned from investing the contributions, less benefits, income taxes, and other expenses incurred. Plan assets ordinarily cannot be withdrawn by the employer except under certain circumstances when a plan has assets in excess of obligations and the employer has taken certain steps to satisfy existing obligations. Securities of the employer held by the plan are includable in plan assets provided they are transferable.

Assets not segregated in a trust, or otherwise effectively restricted, so that they cannot be used by the employer for other purposes are not plan assets, even though the employer may intend that those assets be used to provide health and welfare benefits, which may include postretirement benefits. Those assets shall be accounted for in the same manner as other employer assets of a similar nature and with similar restrictions. If a plan has liabilities other than for benefits, those nonbenefit obligations are considered as reductions of plan assets. Amounts accrued by the employer but not yet paid to the plan are not plan assets. If a trust arrangement explicitly provides that segregated assets are available to satisfy claims of creditors in bankruptcy, such a provision would effectively permit those assets to be used for other purposes at the discretion of the employer. It is not necessary to determine that a trust is bankruptcy-proof for the assets of the trust to qualify as plan assets. However, assets held in a trust that explicitly provides that such assets are available to the general creditors of the employer in the event of the employer's bankruptcy would not qualify as plan assets.

4. The Master Glossary contains two definitions of the term *financial asset* that are substantially the same. This amendment removes one of those definitions to improve the usefulness of the Master Glossary and simplify the Accounting Standards Codification.

5. Definition 1 of the term *financial asset* originates from FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. Definition 2 originates from FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

6. Definition 2 includes excerpts from Questions 6 and 8 of the FASB Special Report, *A Guide to Implementation of Statement 125 on Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. Those excerpts pertain to the FASB staff's interpretation of the definition of financial asset in two specific scenarios being addressed in that Special Report. Those specific scenarios are already explained in paragraphs 860-10-55-8 and 860-10-55-10 and, therefore, are not required in the Master Glossary definition. These amendments remove the excerpts from Definition 2, remove Definition 1, and replace all links to Definition 1 with links to Definition 2.

7. Supersede Definition 1 and amend Definition 2 of the Master Glossary term *Financial Asset*, with no link to a transition paragraph, as follows:

Financial Asset (Definition 1)

~~Cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right to do either of the following:~~

- ~~a. Receive cash or another financial instrument from a second entity.~~
- ~~b. Exchange other financial instruments on potentially favorable terms with the second entity.~~

Financial Asset (Definition 2)

Cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right to do either of the following:

- a. Receive cash or another financial instrument from a second entity
- b. Exchange other financial instruments on potentially favorable terms with the second entity.

~~A financial asset exists if and when two or more parties agree to payment terms and those payment terms are reduced to a contract. To be a financial asset, an asset must arise from a contractual agreement between two or more parties, not by an imposition of an obligation by one party on another.~~

8. Amend the following Master Glossary Terms, paragraphs and related pending content by removing the link to Definition 1 and replacing it with a link to Definition 2 of the Master Glossary term *Financial Asset*, with no link to a transition paragraph, as follows:

Subtopic / Master Glossary Term	Paragraph Amended
Credit Quality Indicator	
Effective Interest Rate	
Purchased Financial Assets with Credit Deterioration	
230-10, Statement of Cash Flows—Overall	230-10-45-21A
270-10, Interim Reporting—Overall	270-10-50-1
326-10, Financial Instruments—Credit Losses—Overall	326-10-65-1
326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost	326-20-30-1 326-20-30-12 326-20-35-1 326-20-35-4 326-20-35-6 326-20-35-8 326-20-45-1 326-20-50-1

	326-20-50-4 326-20-50-11 326-20-50-13 326-20-50-14 326-20-50-16 326-20-50-19 326-20-50-20 326-20-55-1 326-20-55-2 326-20-55-5
326-30, Financial Instruments—Credit Losses—Available-for-Sale Debt Securities	326-30-30-2 326-30-50-3
820-10, Fair Value Measurement—Overall	820-10-35-18D 820-10-55-52
825-10, Financial Instruments—Overall	825-10-05-3 825-10-15-4(a) 825-10-45-1A
958-230, Not-for-Profit-Entities—Statement of Cash Flows	958-230-55-3

9. Paragraph E1 of FASB Statement No. 123 (revised 2004), *Share-Based Payment*, included a definition for the term *issued, issuance, or issuing* of an equity instrument. This glossary term was not included in the Accounting Standards Codification. To identify and clarify that term in the Accounting Standards Codification so that it has the same meaning as that in Statement 123(R), this amendment adds the term *issued, issuance, or issuing* of an equity instrument to the Master Glossary and adds links to this definition in the appropriate paragraphs of the Accounting Standards Codification.

10. Add the new Master Glossary term *Issued, Issuance, or Issuing* of an Equity Instrument, with no link to a transition paragraph, as follows:

Issued, Issuance, or Issuing of an Equity Instrument

An equity instrument is issued when the issuing entity receives the agreed-upon consideration, which may be cash, an enforceable right to receive cash, or another financial instrument, goods, or services. An entity may conditionally transfer an equity instrument to another party under an arrangement that permits that party to choose at a later date or for a specified time whether to deliver the consideration or to forfeit the right to the conditionally transferred instrument with no further obligation. In that situation, the equity instrument is not issued until the issuing entity has received the consideration. The grant of stock options or other equity instruments subject to vesting conditions is not considered to be issuance.

11. Amend the following paragraphs and related pending content to link the first use of the word *issued* to the Master Glossary term *Issued*, *Issuance*, or *Issuing* of an Equity Instrument, with no link to a transition paragraph, as follows:

Subtopic	Paragraph Amended
505-50, Equity—Equity-Based Payments to Non-Employees	505-50-05-1 505-50-25-2 505-50-30-2 505-50-35-1 505-50-45-1 505-50-55-2
718-10, Compensation—Stock Compensation—Overall	718-10-10-1 718-10-15-6 718-10-25-9 718-10-30-2
718-50, Compensation—Stock Compensation—Employee Share Purchase Plans	718-50-30-1

12. Amend the following paragraphs to link the first use of the word *issuing* to the Master Glossary term *Issued*, *Issuance*, or *Issuing* of an Equity Instrument, with no link to a transition paragraph, as follows:

Subtopic	Paragraph Amended
505-50, Equity—Equity-Based Payments to Non-Employees	505-50-15-2(a)
718-10, Compensation—Stock Compensation—Overall	718-10-15-3 718-10-50-2(l)

13. The Master Glossary contains the terms *parent company with no independent assets or operations*, *(period) in force*, and *postretirement benefit fund* that are not linked to content in the Accounting Standards Codification. This amendment removes Definition 2 of the Master Glossary term *parent company with no independent assets or operations* and the Master Glossary term *postretirement benefit fund*. Definition 2 of the term *parent company with no independent assets or operations* is redundant with Definition 1, which is linked to U.S. Securities and Exchange Commission (SEC) guidance.

14. The Master Glossary term *postretirement benefit fund* was codified from FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, which used the term for effective date and transition purposes, and is no longer relevant.

15. The Master Glossary term *(period) in force* is redundant with the Master Glossary terms *in force*, *coverage period*, and *contract period*. *Coverage period* is a “see” reference to *contract period*. This amendment removes the term *(period) in force* from the Master Glossary. The definition for *contract period* only refers to reinsurance. Consequently, for clarification, the Master Glossary term *contract period* will be amended to address insurance as well as reinsurance.

16. Supersede the following Master Glossary terms, with no link to a transition paragraph, as follows:

~~Parent Company with No Independent Assets or Operations (Definition 2)~~

~~A parent entity has no independent assets or operations if each of its total assets, revenues, income from continuing operations before income taxes, and cash flows from operating activities (excluding amounts related to its investment in its consolidated subsidiaries) is less than 3 percent of the corresponding consolidated amount.~~

~~(Period) In Force~~

~~The period of coverage, that is, the period during which the occurrence of insured events can result in liabilities of the insurance entity.~~

~~Postretirement Benefit Fund~~

~~Assets accumulated in the hands of a funding agency for the sole purpose of paying postretirement benefits when the claims are incurred or benefits are due. These assets may or may not qualify as plan assets. See **Plan Assets**.~~

17. Amend the Master Glossary term *Contract Period*, with no link to a transition paragraph, as follows:

Contract Period

The period over which insured events that occur are covered by ~~the insurance or~~ reinsurance contracts. Commonly referred to as the coverage period or period that the contracts are in force.

Amendments to Subtopic 210-20, Balance Sheet—Offsetting

18. In paragraph 210-20-55-22, the explanation accompanying the Example states that the table disaggregates the derivative line item into underlying risk as discussed in paragraph 815-10-50-4D. Paragraph 815-10-50-4D discusses disclosures by type of contract, and the table in paragraph 210-20-55-22 disaggregates by type of contract, not by underlying risk. This amendment aligns the wording in the Example with paragraph 815-210-50-4D by replacing the term *underlying risk* with the term *type of contract*.

19. Amend paragraph 210-20-55-22, with no link to a transition paragraph, as follows:

Balance Sheet—Offsetting

Implementation Guidance and Illustrations

> Illustrations

> > Example 3: Sophisticated Entity Disclosure by Type of Financial Instrument and Type of Counterparty

210-20-55-22 The following table illustrates how a sophisticated entity that engages in significant derivative activity might provide the quantitative disclosure requirements in paragraph 210-20-50-3(a) through (c) by type of instrument and paragraph 210-20-50-3(c) through (e) by type of counterparty. In this Example, the entity further disaggregates the derivative line item by type of contract into

~~underlying risk~~ as discussed in paragraph 815-10-50-4D, with further disaggregation based on how the derivative is transacted.

[The remainder of this paragraph is not shown because it is unchanged.]

Amendments to Subtopic 275-10, Risks and Uncertainties—Overall

20. The meaning of the term *reasonably possible* is explained within paragraph 275-10-50-8 as being consistent with the meaning in Subtopic 450-20, Contingencies—Loss Contingencies. These amendments simplify the Accounting Standards Codification by removing the explanation of *reasonably possible* in paragraph 275-10-50-8 and replacing it with a link to the Master Glossary term *reasonably possible*. There are consequential amendments for paragraphs 275-10-50-6 and 275-10-55-9.

21. Amend paragraph 275-10-50-8, with no link to a transition paragraph, as follows:

Risks and Uncertainties—Overall

Disclosure

275-10-50-8 Disclosure regarding an estimate shall be made when known information available before the financial statements are issued or are available to be issued (as discussed in Section 855-10-25) indicates that both of the following criteria are met:

- a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events. ~~(The term *reasonably possible* as used in this Subtopic is consistent with its use in Subtopic 450-20 to mean that the chance of a future transaction or event occurring is more than remote but less than likely.)~~
- b. The effect of the change would be material to the financial statements.

22. Amend the following paragraphs with a link to the first use of the word *reasonably possible* to the Master Glossary term *Reasonably Possible*, with no link to a transition paragraph, as follows:

Subtopic	Paragraph Amended
275-10, Risks and Uncertainties—Overall	275-10-50-6
	275-10-55-9

Amendments to Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors

23. The Master Glossary definition of the term *debt* originates from FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*. That Statement was codified in Subtopic 310-40 and Subtopic 470-60, Debt—Troubled Debt Restructurings by Debtors. The definition of *debt* applies to troubled debt restructurings and should be referenced in only those two Subtopics. However, the definition is linked to Subtopics 470-20, Debt—Debt with Conversion and Other Options, and 470-30, Debt—Participating Mortgage Loans, which were not codified from Statement 15. Because the definition applies to guidance specific to troubled debt restructurings, it may not be robust enough to be referenced directly to other guidance that uses that term either via Master Glossary links or by analogy. This amendment removes the definition from the Master Glossary and includes the definition in Scope and Scope Exceptions paragraphs 310-40-15-4A and 470-60-15-4A. Consequential amendments also remove links to the Master Glossary term from other Subtopics that are not related to troubled debt restructuring.

24. Supersede the Master Glossary term *Debt*, with no link to a transition paragraph, as follows:

Debt

~~A receivable or payable (collectively referred to as debt) represents a contractual right to receive money or a contractual obligation to pay money on demand or on fixed or determinable dates that is already included as an asset or liability in the creditor's or debtor's balance sheet at the time of the restructuring.~~

25. Add paragraph 310-40-15-4A, with no link to a transition paragraph, as follows:

Receivables—Troubled Debt Restructurings by Creditors

Scope and Scope Exceptions

> > Unit of Accounting

310-40-15-4A In this Subtopic, a receivable or a payable (collectively referred to as debt) represents a contractual right to receive money or a contractual obligation to pay money on demand or on fixed or determinable dates that is already included as an asset or a liability in the creditor's or debtor's balance sheet at the time of the restructuring.

Amendments to Subtopic 470-60, Debt—Troubled Debt Restructurings by Debtors

26. Add paragraph 470-60-15-4A, with no link to a transition paragraph, as follows:

Debt—Troubled Debt Restructurings by Debtors

Scope and Scope Exceptions

> > Unit of Accounting

470-60-15-4A In this Subtopic, a receivable or a payable (collectively referred to as debt) represents a contractual right to receive money or a contractual obligation to pay money on demand or on fixed or determinable dates that is already included as an asset or a liability in the creditor's or debtor's balance sheet at the time of the restructuring.

27. Amend the following paragraphs and related pending content to remove the link to the Master Glossary term *Debt*, with no link to a transition paragraph, as follows:

Subtopic	Paragraph Amended
310-40, Receivables—Troubled Debt Restructurings by Creditors	310-40-10-1 310-40-15-9(a) 310-40-25-2 310-40-35-2 310-40-40-1 310-40-55-1(a)
470-20, Debt—Debt with Conversion and Other Options	470-20-05-1 470-20-15-2 470-20-25-2 470-20-25-11(a) 470-20-30-2 470-20-35-7(a)

Subtopic	Paragraph Amended
	470-20-40-4 470-20-55-5 470-20-55-30(a)
470-30, Debt—Participating Mortgage Loans	470-30-05-7(c) 470-30-15-3(b) 470-30-25-1 470-30-35-1 470-30-40-1 470-30-45-1 470-30-50-1(a)
470-60, Debt—Troubled Debt Restructurings by Debtors	470-60-10-1 470-60-15-9(a) 470-60-35-8 470-60-55-4 470-60-55-8(e)

Amendments to Subtopic 350-20, Intangibles—Goodwill and Other—Goodwill

28. Paragraph 350-20-45-3 provides guidance on the presentation of a goodwill impairment loss that is associated with discontinued operations. This amendment adds a reference to Subtopic 205-20, Presentation of Financial Statements—Discontinued Operations, in that paragraph.

29. Amend paragraph 350-20-45-3, with no link to a transition paragraph, as follows:

Intangibles—Goodwill and Other—Goodwill

Other Presentation Matters

350-20-45-3 A goodwill impairment loss associated with a discontinued operation shall be included (on a net-of-tax basis) within the results of discontinued operations. For guidance on reporting discontinued operations, see Subtopic 205-20.

Amendments to Subtopic 350-40, Intangibles—Goodwill and Other—Internal-Use Software

30. The amendments in Accounting Standards Update No. 2015-05, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*:

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement, superseded the guidance in paragraph 350-40-25-16, which removed the requirement to analogize to the guidance in Topic 840, Leases, when determining the asset acquired in a software licensing arrangement within the scope of Subtopic 350-40. The Board's intent in issuing Update 2015-05 was that an entity should apply the existing recognition and measurement requirements in GAAP for acquired intangible assets to a hosting arrangement that includes a license to software (as described in paragraphs 350-40-15-1 through 15-4C). Some stakeholders expressed concern that the accounting for software licenses acquired for internal use following the adoption of the amendments in Update 2015-05 is not clear because paragraph 350-40-25-16 was superseded and no new guidance was added in its place.

31. Add paragraph 350-40-25-17, with a link to transition paragraph 350-40-65-2 as follows:

Intangibles—Goodwill and Other—Internal-Use Software

Recognition

350-40-25-17 Entities often license internal-use software from third parties. A software license within the scope of this Subtopic (see paragraphs 350-40-15-1 through 15-4C) shall be accounted for as the acquisition of an intangible asset and the incurrence of a liability (that is, to the extent that all or a portion of the software licensing fees are not paid on or before the acquisition date of the license) by the licensee. The intangible asset acquired shall be recognized and measured in accordance with paragraphs 350-30-25-1 and 350-30-30-1, respectively.

32. Add paragraph 350-40-65-2 and its related heading as follows:

> Transition Related to Accounting Standards Update No. 2016-19, Technical Corrections and Improvements

350-40-65-2 The following represents the transition and effective date information related to Accounting Standards Update No. 2016-19, *Technical Corrections and Improvements*.

- a. For **public business entities**, the pending content that links to this paragraph shall be effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2016.
- b. For all other entities, the pending content that links to this paragraph shall be effective for annual periods beginning after December 15, 2017, and interim periods in annual periods beginning after December 15, 2018.

- c. Early application of the pending content that links to this paragraph is permitted by all entities.
- d. The pending content that links to this paragraph may be applied either prospectively to all arrangements entered into or materially modified after the effective date or retrospectively.
- e. A public business entity that elects prospective transition shall disclose the following in the first interim period and annual period after the effective date:
 - 1. The nature of and reason for the change in accounting principle
 - 2. The transition method
 - 3. A qualitative description of the financial statement line items affected by the change.
- f. A public business entity that elects retrospective transition shall disclose the following in the first annual period after the entity's adoption date and in the interim periods within the first annual period:
 - 1. The nature of and reason for the change in accounting principle
 - 2. The transition method
 - 3. A description of the prior-period information that has been retrospectively adjusted
 - 4. The effect of the change on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), any other affected financial statement line item(s), and any affected per-share amounts for the current period and any prior periods, retrospectively adjusted
 - 5. The cumulative effect of the change on retained earnings or other components of equity or net assets in the statement of financial position as of the beginning of the earliest period presented.
- g. All other entities shall disclose the information in (e) through (f) for prospective transition or retrospective transition, as applicable, in the first annual period after the entity's adoption date, unless the entity elects to early adopt the pending content that links to this paragraph in an interim period, in which case the entity also shall disclose that information in the interim periods within the first annual period after the entity's adoption date.

Amendments to Subtopic 360-20, Property, Plant, and Equipment—Real Estate Sales

33. In Emerging Issues Task Force (EITF) Issue No. 87-9, "Profit Recognition on Sales of Real Estate with Insured Mortgages or Surety Bonds," the Task Force initially concluded that loans insured under the Federal Housing Administration and the Veterans Administration would have to be *fully* insured under those programs so that profit recognition under the full accrual method could be used. After additional research and outreach, the Task Force concluded that such loans need

not be fully insured and reversed its original position to permit profit recognition under the full accrual method for all loans insured under the Federal Housing Administration and the Veterans Administration programs.

34. When EITF Issue 87-9 was codified in Subtopic 360-20, the final paragraph in that EITF Issue that contained the reversal of the initial position of the Task Force was not codified. This amendment corrects the Accounting Standards Codification to reflect the final conclusions of the EITF on that Issue.

35. Amend paragraph 360-20-55-3, with a link to transition paragraph 820-10-65-11, as follows:

Property, Plant, and Equipment—Real Estate Sales

Implementation Guidance and Illustrations

> Implementation Guidance

360-20-55-3 A seller of owner-occupied single-family residential homes that finances a sale under an Federal Housing Administration or Veterans Administration government-insured program may use the normal down payment requirements or loan limits established under those programs as a surrogate for the down payment criteria set forth in paragraphs 360-20-55-1 through 55-2 and may record profit under the full accrual method provided that the mortgage receivable is ~~fully~~ insured from loss under the Federal Housing Administration or Veterans Administration program. In that specific circumstance, departure from the minimum initial investment criteria of this Section is justified because all of the credit risk associated with the receivable from the sale is transferred to the governmental agency. However, in all other circumstances (for example, ~~Federal Housing Administration or Veterans Administration programs that provide for less than full insurance or seller financing using private mortgage insurance~~) the minimum initial investment criteria set forth in this Section shall be followed.

Amendments to Subtopic 405-40, Liabilities—Obligations Resulting from Joint and Several Liability Arrangements

36. This amendment adds an explanatory paragraph after paragraph 405-40-15-1 to clarify that for the total amount of an obligation under a joint and several liability arrangement to be considered *fixed* at the reporting date, the amount that must be fixed on the obligation resulting from the joint and several liability arrangement is not the amount that is the entity's portion of the obligation, but is the obligation in its entirety. That clarification is based on paragraph 405-40-30-1(b), which indicates that there can be uncertainty about the amount the reporting entity may have to pay on behalf of its co-obligors.

37. Add paragraph 405-40-15-2, with a link to transition paragraph 820-10-65-11, as follows:

Liabilities—Obligations Resulting from Joint and Several Liability Arrangements

Scope and Scope Exceptions

> Overall Guidance

405-40-15-2 Although the total amount of the obligation of the entity and its co-obligors must be fixed at the reporting date to be within the scope of this Subtopic, the amount that the entity expects to pay on behalf of its co-obligors may be uncertain at the reporting date.

Amendments to Subtopic 460-10, Guarantees—Overall

38. Paragraph 460-10-50-1, which provides scope guidance on the disclosure requirements in paragraphs 460-10-50-2 through 50-4, is not clearly written. The unclear wording along with the structure of the heading levels in paragraphs 460-10-50-1 through 50-4 could be interpreted as if the disclosure guidance in paragraph 460-10-50-1 only applies to paragraphs 460-10-50-2 through 50-3 and those guarantees outside the scope of paragraph 460-10-50-4. These amendments clarify the wording in paragraph 460-10-50-1 so that its scope also applies to paragraph 460-10-50-4.

39. Amend paragraph 460-10-50-1, with no link to a transition paragraph, as follows:

Guarantees—Overall

Disclosure

> Information about Each Guarantee or Group of Similar Guarantees

> > Loss Contingencies

460-10-50-1 The following requirement applies requirements in paragraphs 460-10-50-2 through 50-4 apply to all guarantees, including guarantees that are outside the scope of paragraph 460-10-15-4; however, ~~it does~~ they do not apply to guarantees described in paragraph 460-10-15-7(a).

Amendments to Subtopic 505-10, Equity—Overall

40. Paragraphs 505-10-15-1, 505-30-15-1, 505-50-15-1, and 505-60-15-1 state that the guidance applies to both *public entities* and *nonpublic entities*. However, neither term is linked to the Master Glossary in those paragraphs. This causes confusion among users of the Accounting Standards Codification because of the various definitions of a public entity and a nonpublic entity currently in the Master Glossary. The amendments simplify the guidance by removing the terms *public* and *nonpublic* from these paragraphs and stating that the guidance applies to all entities that meet the stated characteristics.

41. Amend paragraph 505-10-15-1, with no link to a transition paragraph, as follows:

Equity—Overall

Scope and Scope Exceptions

> Entities

505-10-15-1 The guidance in this Subtopic applies to all ~~public and nonpublic~~ entities, unless more specific guidance ~~for these entities~~ is provided in other Topics.

Amendments to Subtopic 505-20, Equity—Stock Dividends and Stock Splits

42. Amend paragraph 505-20-15-1, with no link to a transition paragraph, as follows:

Equity—Stock Dividends and Stock Splits

Scope and Scope Exceptions

> Entities

505-20-15-1 The guidance in this Subtopic applies to all ~~public and nonpublic~~ entities that are corporations.

Amendments to Subtopic 505-30, Equity—Treasury Stock

43. Amend paragraph 505-30-15-1, with no link to a transition paragraph, as follows:

Equity—Treasury Stock

Scope and Scope Exceptions

> Entities

505-30-15-1 The guidance in this Subtopic applies to all ~~public and nonpublic~~ entities, unless more specific guidance ~~for those entities~~ is provided in other Topics.

Amendments to Subtopic 505-50, Equity—Equity-Based Payments to Non-Employees

44. Amend paragraph 505-50-15-1, with no link to a transition paragraph, as follows:

Equity—Equity-Based Payments to Non-Employees

Scope and Scope Exceptions

> Entities

505-50-15-1 The guidance in this Subtopic applies to all ~~public and nonpublic~~ entities, unless more specific guidance ~~for those entities~~ is provided in other Topics.

Amendments to Subtopic 505-60, Equity—Spinoffs and Reverse Spinoffs

45. Amend paragraph 505-60-15-1, with no link to a transition paragraph, as follows:

Equity—Spinoffs and Reverse Spinoffs

Scope and Scope Exceptions

> Entities

505-60-15-1 The guidance in this Subtopic applies to all ~~public and nonpublic~~ entities, unless more specific guidance ~~for those entities~~ is provided in other Topics.

Amendments to Subtopic 715-30, Compensation—Retirement Benefits—Defined Benefit Plans—Pension

46. These amendments simplify the Accounting Standards Codification by using consistent terminology related to participating insurance. Currently, the Master Glossary terms *participating insurance*, *participating insurance contract*, *participating insurance contracts*, and *participating contract* are all used to represent the same concept. This amendment uses the term *participating insurance* throughout the related guidance and removes the duplicate terms *participating insurance contract*, *participating insurance contracts*, and *participating contract* from the Master Glossary.

47. In addition, the Master Glossary term *participation right* has two definitions. Both definitions are similar, except that the first definition refers to a *participating contract*, while the second definition refers to a *participating insurance contract*. This amendment removes Definition 1 of the Master Glossary term *participation right* and amends Definition 2.

48. Supersede the following Master Glossary terms and amend Definition 2 of the Master Glossary term *Participation Right*, with no link to a transition paragraph, as follows:

Participating Contract

~~An allocated contract that provides for plan participation in the investment performance and experience (for example, mortality experience) of the insurance entity.~~

Participating Insurance Contract

~~An insurance contract that provides for the purchaser to participate in the investment performance and possibly other experience (for example, morbidity experience) of the insurance entity. See **Insurance Contract**.~~

Participation Right (Definition 1)

~~A purchaser's right under a participating contract to receive future dividends or retroactive rate credits from the insurance entity. See **Participating Annuity Contract**.~~

Participation Right (Definition 2)

A purchaser's right under a {add glossary link}participating insurance{add glossary link} contract to receive future dividends or retroactive rate credits from the insurance entity.

49. Amend paragraph 715-30-25-7, with no link to a transition paragraph, as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Pension

Recognition

> Participation Rights

715-30-25-7 If a ~~participating annuity contract~~ an annuity contract with a {add glossary link to 2nd definition} participation right{add glossary link to 2nd definition} is purchased, the cost of the ~~{remove glossary link}~~ participation right{remove glossary link} shall be recognized at the date of purchase as an asset. To the extent that benefits currently earned are covered by ~~{remove glossary link} annuity contracts{remove glossary link}~~, the cost of those benefits shall be the cost of purchasing the contracts, except for the cost of the participation right.

50. Amend paragraphs 715-30-35-53, 715-30-35-59, 715-30-35-79, and 715-30-35-88, with no link to a transition paragraph, as follows:

Subsequent Measurement

General

> Annuity and Other Contracts

715-30-35-53 Paragraph 715-30-25-7 provides that to the extent that benefits currently earned are covered by annuity contracts, the cost of those benefits shall be the cost of purchasing the contracts, except for the cost of the ~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~ participation right{remove glossary link to 1st definition and add glossary link to 2nd definition} when participating annuity contracts are used (see paragraph 715-30-35-57). That is, if all the benefits attributed by the plan's benefit formula to service in the current period are covered by nonparticipating annuity contracts, the cost of the contracts determines the service cost component of net pension cost for that period. Benefits covered by annuity contracts shall be excluded from the projected benefit obligation and the accumulated benefit obligation. Except for participation rights, annuity contracts shall be excluded from plan assets.

715-30-35-59 If the substance of a ~~participating~~ participating insurance contract is such that the employer remains subject to all or most of the risks and rewards associated with the benefit obligation covered and the assets transferred to the insurance entity, that contract is not an annuity contract for purposes of this Subtopic.

Settlements, Curtailments, and Certain Termination Benefits

> Settlements

715-30-35-79 The maximum gain or loss subject to recognition in earnings when a pension obligation is settled is the net gain or loss remaining in accumulated other comprehensive income plus any transition asset remaining in accumulated other comprehensive income from initial application of this Subtopic. That maximum amount includes any gain or **loss** first measured at the time of settlement. The maximum amount shall be recognized in earnings if the entire **projected benefit obligation** is settled. If only part of the projected benefit obligation is settled, the employer shall recognize in earnings a pro rata portion of the maximum amount equal to the percentage reduction in the projected benefit obligation. If the purchase of a **participating annuity contract** constitutes a settlement under the guidance in paragraphs 715-30-35-85 through 35-89, the maximum gain (but not the maximum loss) shall be reduced by the cost of the {remove glossary link to 1st definition and add glossary link to 2nd definition} participation right {remove glossary link to 1st definition and add glossary link to 2nd definition} before determining the amount to be recognized in earnings.

> > Using Annuity Contracts in Settlement Transactions

715-30-35-88 It may be difficult to determine the extent to which a participating annuity contract exposes the purchaser to the risk of unfavorable experience, which would be reflected in lower than expected future dividends. Additionally, under some annuity contracts described as participating, the purchaser might remain subject to all or most of the same risks and rewards related to future experience that would have existed had the contract not been purchased. Some participating **participating insurance** contracts may require or permit payment of additional premiums if experience is unfavorable. Accordingly, if a participating **insurance** contract requires or permits payment of additional premiums because of experience losses, or if the substance of the contract is such that the purchaser retains all or most of the related risks and rewards, the purchase of that contract does not constitute a settlement.

51. Amend paragraph 715-30-55-153, with no link to a transition paragraph, as follows:

Implementation Guidance and Illustrations

Settlements, Curtailments, and Certain Termination Benefits

> Implementation Guidance

715-30-55-153 The transaction in paragraph 715-30-55-150 is structured so that the plan assets and the pension benefit obligation have substantially the same ability to generate gains (or losses to the extent of the purchase price for the ~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~**participation right**~~{remove glossary link to 1st definition and add glossary link to 2nd definition}~~ and the annual fees paid to the insurance entity for the guarantee of the pension benefit obligation) both before and after the insurance contract is purchased. The employer remains subject to significant risks and rewards related to the pension benefit obligation and the plan assets and, therefore, the purchase does not qualify for settlement accounting. That transaction creates, in substance, a deposit administration contract with a guarantee from the insurance entity to provide for certain pension benefits from the insurance entity's general assets, if necessary. Transactions such as those in this example are addressed in the paragraph 715-30-35-87 guidance that prohibits settlement accounting for those transactions for which the basis of generating offsetting losses or gains has not been substantially altered.

Amendments to Subtopic 715-60, Compensation— Retirement Benefits—Defined Benefit Plans—Other Postretirement

52. Amend paragraphs 715-60-35-115 and 715-60-35-156, with no link to a transition paragraph, as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement

Subsequent Measurement

General

715-60-35-115 The purchase price of a participating insurance contract ~~participating insurance contract~~ ordinarily is higher than the price of an equivalent contract without a **participation right**. The difference is the cost of the participation right.

Settlements, Curtailments, and Certain Termination Benefits

715-60-35-156 If the purchase of a participating insurance contract ~~participating insurance contract~~ constitutes a settlement, the maximum gain (but not the maximum loss) shall be reduced by the cost of the **participation right**

before determining the amount to be recognized in income (see paragraphs 715-60-35-109 through 35-120 and 715-60-35-160).

Amendments to Subtopic 944-50, Financial Services—Insurance—Policyholder Dividends

53. Supersede the Master Glossary term *Participating Insurance Contracts*, with no link to a transition paragraph, as follows:

Participating Insurance Contracts

~~Insurance in which the contract holder is entitled to share in the entity's earnings through dividends that reflect the difference between premium charged and the actual experience.~~

54. Amend paragraph 944-50-25-2, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Policyholder Dividends

Recognition

> > Participating Insurance Contracts with Income-Based Dividend Limitations

944-50-25-2 This guidance applies to participating contracts other than those long-duration participating life insurance contracts identified in paragraph 944-20-15-3. Limitations may exist on the amount of net income from ~~participating insurance contracts~~ **participating insurance contracts** of a **life insurance entity** that may be distributed to stockholders. In that circumstance, the policyholders' share of net income on those contracts that cannot be distributed to stockholders shall be recognized by both:

- a. Excluding that share from stockholders' equity by a charge to operations
- b. Recognizing that share as a credit to a liability relating to participating policyholders' funds.

Dividends declared or paid to participating policyholders shall reduce the liability recognized in (b); dividends declared or paid in excess of the liability shall be charged to operations.

Amendments to Subtopic 944-805, Financial Services—Insurance—Business Combinations

55. Amend paragraph 944-805-05-10, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Business Combinations

Overview and Background

Demutualizations

> Formation of a Mutual Insurance Holding Entity

944-805-05-10 An alternative to demutualization, in the jurisdictions where it is permitted, is for a mutual insurance entity to form a mutual insurance holding entity. The mutual insurer is converted to a stock insurance entity and becomes a stockholder-owned entity that operates as a subsidiary of the newly formed mutual insurance holding entity. All the initial stock of the reorganized entity is issued to the mutual insurance holding entity. Governance of the mutual insurance holding entity is established by the former mutual insurance entity's board of directors. The converted stock insurer may generate additional capital through an initial or subsequent public offering; however, most statutes specify that the mutual insurance holding entity must own greater than 50 percent of the voting rights of the converted insurer to ensure that the mutual insurance holding entity maintains effective control. The policyholders of the converted insurer become members of the mutual insurance holding entity through the transfer of their mutual membership interests to the mutual insurance holding entity, retaining the same voting rights they had previously. Policyholders with participating insurance contracts ~~participating insurance contracts~~ retain their participating contract in the converted stock insurer, but unlike in a demutualization, there is no distribution of equity or subscription rights to policyholders.

Amendments to Subtopic 715-60, Compensation— Retirement Benefits—Defined Benefit Plans—Other Postretirement

56. The existing definitions (Definitions 1 and 2) of the term *debt security* in the Master Glossary include securitized trade receivables and securitized loan receivables as debt securities. Those definitions do not specify that a creditor's (transferor's) accounting of its interests in securitized trade or loan receivables depends on whether the securitization transaction satisfies the requirements for sale accounting in paragraph 860-10-40-5. If the transaction satisfies the requirements for sale accounting, the creditor (transferor) is required to report its interests in the securitized trade or loan receivables as debt securities in accordance with paragraph 860-20-35-2. However, if the transfer does not satisfy

the requirements for sale accounting, the creditor is required to report the transfer as a secured borrowing in accordance with Subtopic 860-10, Transfers and Servicing—Overall. Accordingly, the trade or loan receivables is not reported as debt securities.

57. This amendment removes the reference to securitization of trade receivables or loan receivables. When the creditor's (transferor's) transfer satisfies the requirements for sale accounting, the creditor would have a new asset and its beneficial interests in the receivables would meet the definition of a debt security in accordance with paragraph 860-20-35-2. This amendment also removes Definition 2 of the Master Glossary term *debt security* from the Master Glossary. Definitions 1 and 2 in the Master Glossary are the same except for the formatting. Removing Definition 2 simplifies the Master Glossary.

58. Amend Definition 1 of the Master Glossary term *Debt Security* and supersede Definition 2 of the Master Glossary term *Debt Security*, with no link to a transition paragraph, as follows:

Debt Security (~~Definition 1~~)

Any security representing a creditor relationship with an entity. The term debt security also includes all of the following:

- a. Preferred stock that by its terms either must be redeemed by the issuing entity or is redeemable at the option of the investor
- b. A collateralized mortgage obligation (or other instrument) that is issued in equity form but is required to be accounted for as a nonequity instrument regardless of how that instrument is classified (that is, whether equity or debt) in the issuer's statement of financial position
- c. U.S. Treasury securities
- d. U.S. government agency securities
- e. Municipal securities
- f. Corporate bonds
- g. Convertible debt
- h. Commercial paper
- i. All securitized debt instruments, such as collateralized mortgage obligations and real estate mortgage investment conduits
- j. Interest-only and principal-only strips.

The term debt security excludes all of the following:

- a. Option contracts
- b. Financial futures contracts
- c. Forward contracts
- d. Lease contracts

- e. Receivables that do not meet the definition of *security* and, so, are not debt securities ~~(unless they have been securitized, in which case they would meet the definition of a security)~~, for example:
 1. Trade accounts receivable arising from sales on credit by industrial or commercial entities
 2. Loans receivable arising from consumer, commercial, and real estate lending activities of financial institutions.

Debt Security (Definition 2)

~~Any security representing a creditor relationship with an entity. It also includes preferred stock that by its terms either must be redeemed by the issuing entity or is redeemable at the option of the investor and a collateralized mortgage obligation (or other instrument) that is issued in equity form but is required to be accounted for as a nonequity instrument regardless of how that instrument is classified (that is, whether equity or debt) in the issuer's statement of financial position. However, it excludes option contracts, financial futures contracts, forward contracts, and lease contracts. Thus, the term debt security includes, among other items, U.S. Treasury securities, U.S. government agency securities, municipal securities, corporate bonds, convertible debt, commercial paper, all securitized debt instruments, such as collateralized mortgage obligations and real estate mortgage investment conduits, and interest-only and principal-only strips. Trade accounts receivable arising from sales on credit by industrial or commercial entities and loans receivable arising from consumer, commercial, and real estate lending activities of financial institutions are examples of receivables that do not meet the definition of security; thus, those receivables are not debt securities (unless they have been securitized, in which case they would meet the definition).~~

59. Amend paragraphs 715-60-35-107 and 715-60-35-112, with no link to a transition paragraph, as follows:

Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement

Subsequent Measurement

> Measurement of Plan Assets

715-60-35-107 For purposes of the disclosures required by paragraph 715-20-50-1 and paragraph 715-20-50-5, plan investments, whether **equity** or ~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~**debt securities**~~{remove glossary link to 2nd definition and add glossary link to 1st definition}~~, real estate, or other, shall be measured at their fair value as of the

measurement date. (See paragraph 715-60-35-120.) The fair value of an investment shall be reduced by brokerage commissions and other costs normally incurred in a sale if those costs are significant (similar to fair value less cost to sell). Plan assets used in plan operations (for example, buildings, equipment, furniture and fixtures, and leasehold improvements) shall be measured at cost less accumulated depreciation or amortization for all purposes.

> Insurance Contracts

715-60-35-112 In addition, because a plan's investment contract with a captive insurance entity represents an obligation of the employer to pay cash to be used to pay benefits and because amounts accrued by the employer to pay benefits are not plan assets, that contract shall be considered an employer **{remove glossary link}debt security{remove glossary link}** for purposes of this Subtopic and, therefore, must be currently transferable to be included in plan assets. (See paragraphs 715-60-55-26 through 55-28 for guidance on employer entities.)

Amendments to Subtopic 805-10, Business Combinations—Overall

60. This amendment replaces the reference to the guidance in Section 958-810-25 on not-for-profit entities—consolidation—recognition in paragraph 805-10-15-4(e) to the more specific reference of paragraph 958-810-25-4. Paragraph 958-810-25-4 describes control by other means and contains criteria for consolidation. In addition, the phrase *as permitted or required by* is replaced by the word *described* in paragraph 805-10-15-4(e) to be less confusing to the users of the Accounting Standards Codification.

61. Amend paragraph 805-10-15-4 and its related pending content, with no link to a transition paragraph, as follows:

Business Combinations—Overall

Scope and Scope Exceptions

805-10-15-4 The guidance in the Business Combinations Topic does not apply to any of the following:

- a. The formation of a joint venture
- b. The acquisition of an asset or a group of assets that does not constitute a **business** or a **nonprofit activity**
- c. A combination between entities, businesses, or nonprofit activities under common **control** (see paragraph 805-50-15-6 for examples)

- d. An acquisition by a not-for-profit entity for which the acquisition date is before December 15, 2009 or a **merger of not-for-profit entities** (NFPs)
- e. A transaction or other event in which an NFP obtains **control of a not-for-profit entity** but does not consolidate that entity, as described in paragraph 958-810-25-4~~permitted or required by Section 958-810-25~~. The Business Combinations Topic also does not apply if an NFP that obtained control in a transaction or other event in which consolidation was permitted but not required decides in a subsequent annual reporting period to begin consolidating a controlled entity that it initially chose not to consolidate.

Pending Content:

Transition Date: (P) December 16, 2015; (N) December 16, 2015 | **Transition Guidance:** 810-10-65-6

805-10-15-4 The guidance in the Business Combinations Topic does not apply to any of the following:

- a. The formation of a joint venture
- b. The acquisition of an asset or a group of assets that does not constitute a **business** or a **nonprofit activity**
- c. A combination between entities, businesses, or nonprofit activities under common **control** (see paragraph 805-50-15-6 for examples)
- d. An acquisition by a not-for-profit entity for which the acquisition date is before December 15, 2009 or a **merger of not-for-profit entities** (NFPs)
- e. A transaction or other event in which an NFP obtains **control of a not-for-profit entity** but does not consolidate that entity, as described in paragraph 958-810-25-4~~permitted or required by Section 958-810-25~~. The Business Combinations Topic also does not apply if an NFP that obtained control in a transaction or other event in which consolidation was permitted but not required decides in a subsequent annual reporting period to begin consolidating a controlled entity that it initially chose not to consolidate.
- f. Financial assets and financial liabilities of a consolidated variable interest entity that is a **collateralized financing entity** within the scope of the guidance on collateralized financing entities in Subtopic 810-10.

Amendments to Subtopic 815-15, Derivatives and Hedging—Embedded Derivatives

62. This amendment simplifies the wording in paragraph 815-15-55-216 and adds a reference to Subtopic 815-10, Derivatives and Hedging—Overall, which contains guidance on the normal purchases and normal sales exception. The added reference better enables users to find this guidance.

63. Amend paragraph 815-15-55-216, with no link to a transition paragraph, as follows:

Derivatives and Hedging—Embedded Derivatives

Implementation Guidance and Illustrations

> Illustrations

> > Example 13: Applying the Bifurcation Criteria

> > > Case T: Certain Purchases in a Foreign Currency

815-15-55-216 Assume a U.S. entity enters into a contract to purchase corn from a local American supplier in six months for a fixed amount of Japanese yen (JPY); JPY is not the functional currency of ~~either~~ neither party to the transaction. The corn is expected to be delivered and used over a reasonable period in the normal course of business. Because JPY is not the functional currency of either party to the contract and the purchase of corn is transacted internationally in many different currencies, the contract does not qualify for the normal purchases and normal sales exception under Subtopic 815-10. The contract is a compound derivative comprising a U.S. dollar- (USD-) denominated forward contract for the purchase of corn and an embedded foreign currency swap from the purchaser's functional currency (USD) to JPY. The compound derivative instrument cannot be separated into its components (representing the foreign currency derivative instrument and the forward commodity contract) and accounted for separately under this Subtopic.

Amendments to Subtopic 815-20, Derivatives and Hedging—Hedging—General

64. Paragraph 815-20-55-24, which was codified from paragraph 463 of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, lists indicators to help determine whether a transaction is probable. When this guidance was codified, the words *all of* were added, which appears to make it a list of requirements instead of circumstances to consider. This amendment removes the words *all of*.

65. Amend paragraph 815-20-55-24, with no link to a transition paragraph, as follows:

Derivatives and Hedging—Hedging—General

Implementation Guidance and Illustrations

> Implementation Guidance

> > Eligibility of Hedged Items

> > > Hedged Items in Cash Flow Hedges Only

> > > > Probability of a Forecasted Transaction

815-20-55-24 An assessment of the likelihood that a forecasted transaction will take place (see paragraph 815-20-25-15(b)) should not be based solely on management's intent because intent is not verifiable. The transaction's probability should be supported by observable facts and the attendant circumstances. Consideration should be given to all of the following circumstances in assessing the likelihood that a transaction will occur.

- a. The frequency of similar past transactions
- b. The financial and operational ability of the entity to carry out the transaction
- c. Substantial commitments of resources to a particular activity (for example, a manufacturing facility that can be used in the short run only to process a particular type of commodity)
- d. The extent of loss or disruption of operations that could result if the transaction does not occur
- e. The likelihood that transactions with substantially different characteristics might be used to achieve the same business purpose (for example, an entity that intends to raise cash may have several ways of doing so, ranging from a short-term bank loan to a common stock offering).

66. Paragraph 815-20-55-44(a) through (e) lists five implementation guidance situations. Each situation is explained in detail in subsequent paragraphs. The implementation guidance associated with the situation in paragraph 815-20-55-44(d) was removed before the Accounting Standards Codification was finalized, but a consequential amendment was not made to remove that situation from the listing in paragraph 815-20-55-44. In addition, the subsequent heading level related to the paragraph explaining the implementation guidance in each situation provided should have been a level 3 heading instead of a level 2 heading. These amendments remove paragraph 815-20-55-44(d) and correct the heading level associated with paragraph 815-20-55-44A.

67. Amend paragraph 815-20-55-44 and the heading preceding paragraph 815-20-55-44A, with no link to a transition paragraph, as follows:

> > Eligibility of Hedging Instruments

815-20-55-44 This implementation guidance on eligibility of hedging instruments is organized as follows:

- a. Contingent designation of a hedging instrument
- b. No hedge accounting for covered call strategies

- c. Mixed-attribute derivative commodity contracts as cash flow hedging instruments
- d. Subparagraph superseded by Accounting Standards Update No. 2016-19, Relationship of swap to hedged forecasted transactions
- e. Synthetic foreign currency borrowing ineligible as a hedging instrument.

>>>> Contingent Designation of a Hedging Instrument

815-20-55-44A A contract that meets the definition of a derivative instrument after acquisition by an entity may be designated as a hedging instrument.

Amendments to Subtopic 820-10, Fair Value Measurement—Overall

68. Paragraphs 820-10-35-24A and 820-10-50-2(bbb) identify fair value approaches (market approach, cost approach, and income approach) as techniques. The Master Glossary also defines each of the approaches as a technique, which is misleading. Topic 820 prescribes that, at all times, the more detailed technique should be disclosed rather than the overall approach. These amendments correct the usage of these terms and the Master Glossary definitions.

69. Amend the following Master Glossary terms, with no link to a transition paragraph, as follows:

Cost Approach

A valuation approach ~~technique~~ that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Income Approach

Valuation approach ~~techniques~~ that convert future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Market Approach

A valuation approach ~~technique~~ that uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets, liabilities, or a group of assets and liabilities, such as a business.

70. Amend paragraphs 820-10-35-16BB and 820-10-35-24A, with a link to a transition paragraph 820-10-65-11, as follows:

Fair Value Measurement—Overall

Subsequent Measurement

>>> Liabilities and Instruments Classified in a Reporting Entity's Shareholders' Equity Held by Other Parties as Assets

820-10-35-16BB In such cases, a reporting entity shall measure the fair value of the liability or equity instrument as follows:

- a. Using the quoted price in an active market for the identical item held by another party as an asset, if that price is available
- b. If that price is not available, using other observable inputs, such as the quoted price in a market that is not active for the identical item held by another party as an asset
- c. If the observable prices in (a) and (b) are not available, using another valuation ~~technique~~approach, such as:
 1. An income approach (for example, a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset; see paragraph 820-10-55-3F)
 2. A market approach (for example, using quoted prices for similar liabilities or instruments classified in shareholders' equity held by other parties as assets; see paragraph 820-10-55-3A).

> Valuation Techniques

820-10-35-24A The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Three widely used valuation ~~approaches~~techniques are the **market approach**, **cost approach**, and **income approach**. The main aspects of valuation techniques consistent with those approaches are summarized in paragraphs 820-10-55-3A through 55-3G. An entity shall use valuation techniques consistent with one or more of those approaches to measure fair value.

71. Amend paragraph 820-10-50-2(bbb) and its related pending content, with a link to a transition paragraph 820-10-65-11, as follows:

Disclosure

820-10-50-2 To meet the objectives in paragraph 820-10-50-1, a reporting entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 820-10-50-2B for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements

based on fair value within the scope of this Topic) in the statement of financial position after initial recognition:

- bbb. For recurring and nonrecurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in either or both a valuation approach and a valuation technique (for example, changing from matrix pricing to the binomial model~~a market approach to an income approach~~ or the use of an additional valuation technique), the reporting entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, a reporting entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. A reporting entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the reporting entity when measuring fair value (for example, when a reporting entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure, a reporting entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the reporting entity.

Pending Content:

Transition Date: *Indefinitely deferred* | **Transition Guidance:** 820-10-65-9

820-10-50-2 To meet the objectives in paragraph 820-10-50-1, a reporting entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 820-10-50-2B for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this Topic) in the statement of financial position after initial recognition:

- bbb. The information shall include:
 - 1. For recurring and nonrecurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in either or both a valuation approach and a valuation technique (for example, changing from matrix pricing to the binomial model~~a market approach to an income approach~~ or the use of an additional valuation technique), the reporting entity shall disclose that change and the reason(s) for making it.

2. For fair value measurements categorized within Level 3 of the fair value hierarchy, a reporting entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. A reporting entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the reporting entity when measuring fair value (for example, when a reporting entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure, a reporting entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the reporting entity.

72. Amend paragraph 820-10-55-35 and its related heading, with a link to a transition paragraph 820-10-65-11, as follows:

Implementation Guidance and Illustrations

> Illustrations

> > Example 3: Use of Multiple Valuation ~~Techniques~~Approaches

820-10-55-35 This Topic notes that a single valuation ~~technique~~approach will be appropriate in some cases. In other cases, multiple valuation ~~techniques~~approaches will be appropriate. Cases A and B illustrate the use of multiple valuation ~~techniques~~approaches.

- a. Subparagraph superseded by Accounting Standards Update No. 2011-04
- b. Subparagraph superseded by Accounting Standards Update No. 2011-04

> > > Case A: Machine Held and Used

820-10-55-36 A reporting entity acquires a machine in a business combination. The machine will be held and used in its operations. The machine was originally purchased by the acquired entity from an outside vendor and, before the business combination, was customized by the acquired entity for use in its operations. However, the customization of the machine was not extensive. The acquiring entity determines that the asset would provide maximum value to market participants through its use in combination with other assets or with other assets and liabilities (as installed or otherwise configured for use). There is no evidence to suggest that the current use of the machine is not its highest and best use. Therefore, the

highest and best use of the machine is its current use in combination with other assets or with other assets and liabilities.

820-10-55-37 The reporting entity determines that sufficient data are available to apply the **cost approach** and, because the customization of the machine was not extensive, the **market approach**. The **income approach** is not used because the machine does not have a separately identifiable income stream from which to develop reliable estimates of future cash flows. Furthermore, information about short-term and intermediate-term lease rates for similar used machinery that otherwise could be used to project an income stream (that is, lease payments over remaining service lives) is not available. The market and cost approaches are applied as follows:

- a. The market approach is applied using quoted prices for similar machines adjusted for differences between the machine (as customized) and the similar machines. The measurement reflects the price that would be received for the machine in its current condition (used) and location (installed and configured for use). The fair value indicated by that approach ranges from \$40,000 to \$48,000.
- b. The cost approach is applied by estimating the amount that would be required currently to construct a substitute (customized) machine of comparable utility. The estimate takes into account the condition of the machine and the environment in which it operates, including physical wear and tear (that is, physical deterioration), improvements in technology (that is, functional obsolescence), conditions external to the condition of the machine such as a decline in the market demand for similar machines (that is, economic obsolescence), and installation costs. The fair value indicated by that approach ranges from \$40,000 to \$52,000.

820-10-55-38 The reporting entity determines that the higher end of the range indicated by the market approach is most representative of fair value and, therefore, ascribes more weight to the results of the market approach. That determination is made on the basis of the relative subjectivity of the inputs, taking into account the degree of comparability between the machine and the similar machines. In particular:

- a. The inputs used in the market approach (quoted prices for similar machines) require fewer and less subjective adjustments than the inputs used in the cost approach.
- b. The range indicated by the market approach overlaps with, but is narrower than, the range indicated by the cost approach.
- c. There are no known unexplained differences (between the machine and the similar machines) within that range.

Accordingly, the reporting entity determines that the fair value of the machine is \$48,000.

73. Add paragraph 820-10-65-11 and its related heading as follows:

**> Transition Related to Accounting Standards Update No. 2016-19,
Technical Corrections and Improvements**

820-10-65-11 The following represents the transition and effective date information related to Accounting Standards Update No. 2016-19, *Technical Corrections and Improvements*:

- a. The pending content that links to this paragraph shall be effective for fiscal years, and interim periods within those fiscal years, for all entities beginning after December 15, 2016.
- b. An entity shall apply the pending content that links to this paragraph prospectively.
- c. Early application for the pending content that links to this paragraph is permitted for any fiscal year or interim period for which the entity's financial statements have not yet been issued (**public business entities**) or for which **financial statements are available to be issued** (all other entities).

Amendments to Subtopic 825-10, Financial Instruments—Overall

74. This amendment replaces the Master Glossary term *reinsurance receivable* with *reinsurance recoverable*. This change resolves inconsistencies within the Accounting Standards Codification where in some instances the term *reinsurance receivable* is used, while in other instances the term *reinsurance recoverable* is used. The term used in practice (that is, presented in insurance entity financial statements) and generally understood within the insurance industry is *reinsurance recoverable*, not *reinsurance receivable*. This amendment also adds links to the Master Glossary term *reinsurance* in paragraphs in which the term should have been linked to the Mater Glossary but was not.

75. Amend the Master Glossary term *Reinsurance Receivable*, with no link to a transition paragraph, as follows:

Reinsurance ~~Receivable~~Recoverable

All amounts recoverable from reinsurers for paid and unpaid claims and claim settlement expenses, including estimated amounts receivable for unsettled claims, claims incurred but not reported, or policy benefits.

76. Amend the following paragraphs by replacing the term *reinsurance receivable* with the term *reinsurance recoverable*, with no link to a transition paragraph, as follows:

Subtopic	Paragraph Amended
326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost	326-20-15-2 326-20-50-6 326-20-55-17 326-20-55-81 and its related heading 326-20-55-83 through 55-85

77. Amend paragraph 825-10-50-22, with no link to a transition paragraph, as follows:

Financial Instruments—Overall

Disclosure

825-10-50-22 The requirements of the preceding paragraph do not apply to the following financial instruments, whether written or held:

- a. The financial instruments described in paragraph 825-10-50-8(a); (c); (e); and (f), except for **reinsurance recoverables**~~reinsurance receivables~~ and prepaid reinsurance premiums
- b. Financial instruments of a pension plan, including plan assets, if subject to the accounting and reporting requirements of Topic 715.

Financial instruments of a pension plan, other than the obligations for pension benefits, if subject to the accounting and reporting requirements of Topic 960, are subject to the requirements of paragraphs 825-10-50-20 through 50-21.

Amendments to Subtopic 944-20, Financial Services—Insurance—Insurance Activities

78. Amend paragraph 944-20-50-5, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Insurance Activities

Disclosure

Reinsurance Contracts

944-20-50-5 Paragraph 944-310-45-6 states that, although amounts recoverable on unasserted claims shall be reported as **reinsurance recoverables**, details of the amounts comprising reinsurance recoverables may be presented separately~~reinsurance receivables, separate presentation or disclosure of various types of receivables is not precluded.~~

Amendments to Subtopic 944-40, Financial Services—Insurance—Claim Costs and Liabilities for Future Policy Benefits

79. Amend paragraph 944-40-25-34, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Claim Costs and Liabilities for Future Policy Benefits

Recognition

Reinsurance Contracts

944-40-25-34 ~~Reinsurance recoverables~~~~Reinsurance receivables~~ shall be recognized in a manner consistent with the liabilities (including estimated amounts for claims incurred but not reported and future policy benefits) relating to the underlying reinsured contracts. Assumptions used in estimating reinsurance ~~recoverables~~~~receivables~~ shall be consistent with those used in estimating the related liabilities.

80. Amend paragraphs 944-40-50-3, 944-40-50-4C, and 944-40-50-9 and the related pending content, with no link to a transition paragraph, as follows:

Disclosure

General

944-40-50-3 For each fiscal year for which an income statement is presented, all of the following information about the **liability for unpaid claims** and claim adjustment expenses shall be disclosed:

- a. The balance in the liability for unpaid claims and claim adjustment expenses at the beginning and end of each fiscal year presented, and the

related amount of reinsurance recoverable on unpaid claims~~reinsurance recoverable~~

- b. Incurred claims and claim adjustment expenses with separate disclosure of the provision for insured events of the current fiscal year and of increases or decreases in the provision for insured events of prior fiscal years
- c. Payments of claims and claim adjustment expenses with separate disclosure of payments of claims and **claim** adjustment expenses attributable to insured events of the current fiscal year and to insured events of prior fiscal years
- d. The reasons for the change in incurred claims and claim adjustment expenses recognized in the income statement attributable to insured events of prior fiscal years and should indicate whether additional premiums or return premiums have been accrued as a result of the prior-year effects.

Pending Content:

Transition Date: (P) December 16, 2015; (N) December 15, 2016 | **Transition Guidance:** 944-40-65-1

944-40-50-3 For annual and interim reporting periods, all of the following information about the **liability for unpaid claims** and **claim adjustment expenses** shall be presented in a tabular rollforward:

- a. The balance in the liability for unpaid **claims** and claim adjustment expenses at the beginning of each fiscal year presented in the statement of income, and the related amount of reinsurance recoverable on unpaid claims~~reinsurance recoverable~~
- b. Year-to-date incurred claims and claim adjustment expenses with separate disclosure of the provision for insured events of the current fiscal year and of increases or decreases in the provision for insured events of prior fiscal years
- c. Year-to-date payments of claims and claim adjustment expenses with separate disclosure of payments of claims and claim adjustment expenses attributable to insured events of the current fiscal year and to insured events of prior fiscal years
- cc. The ending balance in the liability for unpaid claims and claim adjustment expenses and the related amount of reinsurance recoverable.
- d. Subparagraph superseded by Accounting Standards Update No. 2015-09.

In addition, an insurance entity shall disclose the reasons for the change in incurred claims and claim adjustment expenses recognized in the income statement attributable to insured events of prior fiscal years and indicate whether additional premiums or return premiums have been accrued as a result of the prior-year effects.

Short-Duration Contracts

944-40-50-4C For annual reporting periods, an insurance entity shall reconcile the disclosure about incurred and paid claims development information to the aggregate carrying amount of the **liability for unpaid claims** and claim adjustment expenses for the most recent reporting period presented, with separate disclosure of **{add glossary link}**reinsurance recoverable**{add glossary link}** on unpaid claims (see paragraph 944-40-55-9E).

Financial Guarantee Insurance Contracts

944-40-50-9 To meet the disclosure objective in paragraph 944-20-50-7, an insurance entity shall disclose all of the following information for each annual period (and in an interim period if a significant change has occurred in that interim period) unless otherwise indicated below:

- a. For the claim liability:
 1. The weighted-average risk-free rate used to discount the claim liability.
 2. The significant component(s) of the change in the claim liability for the period, including all of the following:
 - i. Changes in the discount rate
 - ii. The accretion of the discount on the claim liability
 - iii. Changes in the timing
 - iv. Changes in the likelihood of default.
 3. The amount relating to the component(s) in item (2).
 4. The line item in the statement of income where the amount or amounts in item (2) are reported (unless separately disclosed).
 5. For each interim period, a schedule of insured financial obligations at the end of each interim period detailing, at a minimum, all of the following for each category or grouping of these financial obligations:
 - i. Number of issued and outstanding financial guarantee insurance contracts
 - ii. Remaining weighted-average contract period
 - iii. Insured contractual payments outstanding, segregating principal and interest
 - iv. Gross claim liability
 - v. Gross potential recoveries
 - vi. Discount, net (both claim liability and potential recoveries)
 - vii. Net claim liability
 - viii. **{add glossary link}**Reinsurance recoverables**{add glossary link}**
 - ix. Unearned premium revenue.

- b. A description of the insurance entity's risk-management activities used to track and monitor deteriorating insured financial obligations, including all of the following:
 1. A description of each grouping or category used to track and monitor deteriorating insured financial obligations
 2. The insurance entity's policies for placing an insured financial obligation in, and monitoring, each grouping or category
 3. The insurance entity's policies for avoiding or mitigating claim liabilities
 4. The related expense and liability reported during the period for risk mitigation activities (not including {add glossary link}reinsurance{add glossary link})
 5. A description of where the risk mitigation activities expense and liability are reported in the statement of income and the statement of financial position, respectively.

Example 2 (see paragraph 944-40-55-32) illustrates the application of the requirement in items (a)(5) and (b)(1) through (5).

81. Amend paragraph 944-40-55-6, with no link to a transition paragraph, as follows:

Implementation Guidance and Illustrations

> Illustrations

> > Example 1: Disclosure of Liability for Unpaid Claims and Claim Adjustment Expenses

944-40-55-6 This Example illustrates information an insurance entity would disclose to meet the requirements of paragraph 944-40-50-3. This Example presents amounts incurred and paid net of reinsurance. The information may also be presented before the effects of reinsurance with separate analysis of reinsurance recoveries and reinsurance recoverables recoverables related to the incurred and paid amounts.

Amendments to Subtopic 944-210, Financial Services—Insurance—Balance Sheet

82. Amend paragraph 944-210-55-1, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Balance Sheet

Implementation Guidance and Illustrations

> Implementation Guidance

> > Balance Sheet Offsetting

944-210-55-1 Amounts payable to a policyholder and amounts ~~recoverable/receivable~~ from a **reinsurer** do not meet the criteria for offsetting in Section 210-20-45 because paragraph 210-20-45-1(b) requires that the reporting party have the legal right to set off the amount owed to one party with an amount receivable from that same party.

Amendments to Subtopic 944-310, Financial Services—Insurance—Receivables

83. Amend paragraphs 944-310-05-1 through 05-2, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Receivables

Overview and Background

General

944-310-05-1 This Subtopic provides guidance to insurance entities on accounting for and financial reporting of receivables, including mortgage loan receivables and ~~reinsurance recoverables/reinsurance receivables~~. The guidance in this Subtopic is provided in the following three Subsections:

- a. General
- b. ~~{add glossary link}~~Reinsurance~~{add glossary link}~~ Contracts
- c. Financial Guarantee Insurance Contracts.

Reinsurance Contracts

944-310-05-2 The **Reinsurance** Contracts Subsections of this Subtopic provide guidance to insurance entities on accounting for and financial reporting of ~~reinsurance recoverables/reinsurance receivables~~.

84. Amend paragraph 944-310-25-2 and its related heading, with no link to a transition paragraph, as follows:

Recognition

Reinsurance Contracts

> Reinsurance ~~Recoverables~~Receivables

944-310-25-2 Ceding entities shall report separately as assets estimated ~~reinsurance recoverables~~~~reinsurance~~ receivables arising from both of the following types of contracts:

- a. ~~{add glossary link}~~Reinsurance~~{add glossary link}~~ contracts that are legal replacements of one insurer by another (often referred to as assumption and novation)
- b. Reinsurance contracts in which a **ceding entity** is not relieved of the legal liability to its policyholder.

85. Amend paragraph 944-310-35-4, and the related pending content, and its related heading, with no link to a transition paragraph, as follows:

Subsequent Measurement

Reinsurance Contracts

> Reinsurance ~~Recoverables~~Receivables

944-310-35-4 Because the valuation of ~~reinsurance recoverables~~~~reinsurance~~ receivables depends on the terms of the ~~{add glossary link}~~reinsurance~~{add glossary link}~~ contract and on estimates used in measuring the liabilities relating to the reinsured contracts, this Subtopic does not stipulate a specific valuation method. However, the **ceding entity** shall assess the collectibility of those ~~recoverables~~~~receivables~~ in accordance with Subtopic 450-20.

Pending Content:

Transition Date: (P) December 16, 2019; (N) December 15, 2020 | **Transition Guidance:** 326-10-65-1

944-310-35-4 Because the valuation of ~~reinsurance recoverables~~~~reinsurance~~ receivables depends on the terms of the ~~{add glossary link}~~reinsurance~~{add glossary link}~~ contract and on estimates used in measuring the liabilities relating to the reinsured contracts, this Subtopic does not stipulate a specific valuation method. An entity shall measure contingent losses relating to disputed amounts in accordance with Subtopic 450-20 on loss contingencies. However, the **ceding entity** shall measure expected credit losses relating to reinsurance ~~recoverables~~~~receivables~~ in accordance with Subtopic 326-20 on financial instruments measured at amortized cost.

86. Amend paragraphs 944-310-45-5 through 45-6 and their related heading, with no link to a transition paragraph, as follows:

Other Presentation Matters

Reinsurance Contracts

> Reinsurance ~~Recoverables~~ Receivables

944-310-45-5 A ceding entity shall report an estimated reinsurance recoverable arising from those contracts described in paragraph 944-310-25-2 separately as an asset.

944-310-45-6 Although amounts recoverable on unasserted claims shall be reported as reinsurance recoverables, details of the amounts comprising reinsurance recoverables may be presented separately receivables, separate presentation or disclosure of various types of receivables is not precluded.

87. Amend paragraph 944-310-50-2 and its related heading, with no link to a transition paragraph, as follows:

Disclosure

Reinsurance Contracts

> Reinsurance ~~Recoverables~~ Receivables

944-310-50-2 Paragraph 944-310-45-6 states that, although amounts recoverable on unasserted claims shall be reported as reinsurance recoverables, details of the amounts comprising reinsurance recoverables may be presented separately reinsurance receivables, separate presentation or disclosure of various types of receivables is not precluded.

Amendments to Subtopic 944-605, Financial Services—Insurance—Revenue Recognition

88. Amend paragraphs 944-605-25-22 through 25-23, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Revenue Recognition

Recognition

Reinsurance Contracts

> Reinsurance of Short-Duration Contracts

> > Retroactive Reinsurance

944-605-25-22 Amounts paid for **retroactive reinsurance** of short-duration contracts that meets the conditions for reinsurance accounting shall be reported as **reinsurance recoverables**~~reinsurance receivables~~ to the extent those amounts do not exceed the recorded liabilities relating to the underlying reinsured contracts. If the recorded liabilities exceed the amounts paid, reinsurance ~~recoverables~~~~receivables~~ shall be increased to reflect the difference and the resulting gain deferred.

944-605-25-23 If the amounts paid for retroactive reinsurance for short-duration contracts exceed the recorded liabilities relating to the underlying reinsured short-duration contracts, the ceding entity shall increase the related liabilities or reduce the ~~reinsurance recoverable~~~~reinsurance receivable~~ or both at the time the reinsurance contract is entered into, so that the excess is charged to earnings.

89. Amend paragraph 944-605-35-12, with no link to a transition paragraph, as follows:

Subsequent Measurement

Reinsurance Contracts

944-605-35-12 ~~**Reinsurance recoverables**~~~~Reinsurance receivables~~ shall reflect the related change in the amount recoverable from the reinsurer, and a gain to be deferred and amortized, as described in paragraph 944-605-35-11, shall be adjusted or established as a result. Decreases in the estimated amount of the liabilities shall reduce the related amount recoverable from the reinsurer and accordingly reduce previously deferred gains.

90. Amend paragraphs 944-605-55-1, 944-605-55-11 through 55-12, and 944-605-55-14 through 55-15, with no link to a transition paragraph, as follows:

Implementation Guidance and Illustrations

Reinsurance Contracts

> Implementation Guidance

> > Cut-Through Provision

944-605-55-1 If a **reinsurance** contract provides the ceding entity's policyholders and claimants with the right to recover their claims directly from the **reinsurer** (a cut-through provision), the **ceding entity** shall not net the recoverable due from the reinsurer against the gross loss obligations on the underlying insurance contracts. As stated in paragraphs 944-20-40-3 through 40-4, reinsurance contracts in which a ceding entity is not relieved of its legal liability to its policyholder do not result in removal of the related assets and liabilities from the ceding entity's financial statements. Amounts ~~recoverable~~receivable and payable between the ceding entity and a reinsurer may be offset only if a right of setoff exists, as defined in Subtopic 210-20.

> Illustrations

> > Example 2: Disclosure of Reinsurance of Short-Duration Contracts

944-605-55-11 Property-Casualty Insurance Entity's statement of financial position follows.

Property-Casualty Insurance Entity
Statement of Financial Position
(in millions)

	<u>Gross</u>
Assets:	
Investments	\$ 8,500
Cash	20
Receivables:	
Reinsurance recoverables	1,400
Reinsurance Receivables	1,900
Other	300
Deferred policy acquisition costs	250
Prepaid reinsurance premiums ^(b)	1,400
Other assets	1,400
Total assets	<u>\$ 13,770</u>
Liabilities and equity:	
Liabilities for claims and claim settlement	\$ 7,600
Unearned premiums	1,700
Other liabilities	2,300
Equity	2,170
Total liabilities and equity	<u>\$ 13,770</u>

Property-Casualty Insurance Entity
Statement of Earnings
(in millions)

	<u>Gross</u>
Revenues:	
Premiums earned	\$ 3,350
Premiums ceded ^(c)	(450)
Net premiums earned	2,900
Net investment income	1,700
Other revenues	400
Total revenues	<u>5,000</u>
Expenses:	
Claims and claim settlement expenses	2,200
Reinsurance recoveries ^(c)	(300)
Net claims and claim settlement expenses	1,900
Policy acquisition costs	1,450
Other expenses	1,150
Total expenses	<u>4,500</u>
Earnings before tax	<u>\$ 500</u>

- a. The Reinsurance Contracts Subsections of this Subtopic require that estimated amounts recoverable~~receivable~~ from reinsurers include amounts related to paid and unpaid claims and claims incurred but not reported. Details of the amounts comprising reinsurance recoverables~~receivables~~ may be presented separately.
- b. **Prepaid reinsurance premiums** include amounts paid to reinsurers relating to the unexpired portion of reinsured policies, often referred to as ceded unearned premiums.
- c. Alternatively, the effect of reinsurance on premiums earned and **claim** costs may be shown parenthetically or may be disclosed. An illustration of a parenthetical presentation follows.

Premiums earned (net of premiums ceded totaling \$450)	<u>\$ 2,900</u>
Claims and claim settlement expenses (net of reinsurance recoveries totaling \$300)	<u>\$ 1,900</u>

944-605-55-12 Property-Casualty Insurance Entity's related notes to financial statements follow.

Property-Casualty Insurance Entity—Notes to Financial Statements

Summary of Significant Accounting Policies

In the normal course of business, the Entity seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance entities or reinsurers.

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. The amount by which the liabilities associated with the reinsured policies exceed the amounts paid for retroactive reinsurance contracts is amortized in income over the estimated remaining settlement period using the interest method. The effects of subsequent changes in estimated or actual cash flows are accounted for by adjusting the previously deferred amount to the balance that would have existed had the revised estimate been available at the inception of the reinsurance transactions, with a corresponding charge or credit to income.

Reinsurance

Reinsurance contracts do not relieve the Entity from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Entity; consequently, allowances are established for amounts deemed uncollectible. The Entity evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. At December 31, 19X3, reinsurance ~~recoverables~~receivables with a carrying value of \$260 million and prepaid reinsurance premiums of \$45 million were associated with a single reinsurer. The Entity holds collateral under related reinsurance agreements in the form of letters of credit totaling \$150 million that can be drawn on for amounts that remain unpaid for more than 120 days.

The effect of reinsurance on premiums written and earned is as follows (in millions).

	<u>Written</u>	<u>Earned</u>
Direct	\$ 2,880	\$ 2,730
Assumed	630	620
Ceded	(470)	(450)
Net premiums	<u>\$ 3,040</u>	<u>\$ 2,900</u>

> > Example 3: Disclosure of Reinsurance of Long-Duration Contracts

944-605-55-14 Life Insurance Entity's statement of financial position follows.

Life Insurance Entity
Statement of Financial Position
(in millions)

	<u>Gross</u>
Assets:	
Investments	\$ 13,100
Cash	20
Receivables:	
Reinsurance recoverables	1,400
Reinsurance (a)	1,900
Other	300
Deferred policy acquisition costs	1,400
Other assets	\$ 18,120
Total assets	<u>\$ 18,120</u>
Liabilities and equity:	
Liability for policy benefits	\$ 7,200
Policyholders' contract deposits	5,000
Other liabilities	3,750
Equity	2,170
Total liabilities and equity	<u>\$ 18,120</u>

Life Insurance Entity
Statement of Earnings
(in millions)

	<u>Gross</u>
Revenues:	
Premiums and policyholder fees earned	\$ 3,350
Premiums ceded (b)	(450)
Net premiums and policyholder fees earned	2,900
Net investment income	1,700
Other revenues	400
Total revenues	<u>5,000</u>
Expenses:	
Policyholder benefits	2,200
Reinsurance recoveries (b)	(300)
Net policyholder benefits	1,900
Amortization of deferred policy acquisition costs	950
Other expenses	1,650
Total expenses	<u>4,500</u>
Earnings before tax	<u>\$ 500</u>

- a. The Reinsurance Contracts Subsections of this Subtopic require that estimated amounts ~~recoverable~~receivable from reinsurers include amounts related to paid and unpaid benefits, including amounts related to liabilities recognized for future policy benefits. Details of the amounts

comprising reinsurance ~~recoverables~~receivables may be presented separately.

- b. Alternatively, the effect of reinsurance on premiums earned and benefit costs may be shown parenthetically or may be disclosed. An illustration of a parenthetical presentation follows.

Premiums and policyholder fees earned (net of premiums ceded totaling \$450)	\$ 2,900
Benefits (net of reinsurance recoveries totaling \$300)	\$ 1,900

944-605-55-15 Life Insurance Entity's related notes to financial statements follow.

Life Insurance Entity—Notes to Financial Statements

Summary of Significant Accounting Policies

In the normal course of business, the Entity seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance entities or reinsurers under excess **coverage** and coinsurance contracts. The Entity retains a maximum of \$500,000 of coverage per individual life.

Amounts paid or deemed to have been paid for reinsurance contracts are recorded as reinsurance ~~recoverables~~receivables. The cost of reinsurance related to long-duration contracts is accounted for over the life of the underlying reinsured policies using assumptions consistent with those used to account for the underlying policies.

Reinsurance

Reinsurance contracts do not relieve the Entity from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Entity; consequently, allowances are established for amounts deemed uncollectible. The Entity evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. At December 31, 19X3, reinsurance ~~recoverables~~receivables with a carrying value of \$260 million were associated with a single reinsurer. The Entity holds collateral under related reinsurance agreements in

the form of letters of credit totaling \$150 million that can be drawn on for amounts that remain unpaid for more than 120 days.

The effect of reinsurance on premiums and amounts earned is as follows (in millions).

Direct premiums and amounts assessed against policyholders	\$ 2,730
Reinsurance assumed	620
Reinsurance ceded	(450)
Net premiums and amounts earned	<u>\$ 2,900</u>

Amendments to Subtopic 944-805, Financial Services—Insurance—Business Combinations

91. Amend paragraph 944-805-30-1, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Business Combinations

Initial Measurement

> Insurance and Reinsurance Contracts Acquired

944-805-30-1 The acquirer shall measure at **fair value** the assets and liabilities recognized under paragraph 944-805-25-3. However, the acquirer shall recognize that fair value in components as follows:

- a. Assets and liabilities measured in accordance with the acquirer's accounting policies for insurance and **reinsurance** contracts that it issues or holds. For example, the contractual assets acquired could include a {add glossary link}reinsurance recoverable{add glossary link} and the liabilities assumed could include a liability to pay future contract claims and claims expenses on the unexpired portion of the acquired contracts and a liability to pay incurred contract claims and claims expenses. However, those assets acquired and liabilities assumed would not include the acquiree's deferred **acquisition costs** and unearned premiums that do not represent future cash flows.
- b. An intangible asset (or occasionally another liability), representing the difference between the following:

1. The fair value of the contractual insurance and reinsurance assets acquired and liabilities assumed
2. The amount described in (a).

Amendments to Subtopic 944-825, Financial Services—Insurance—Financial Instruments

92. Amend paragraphs 944-825-50-1 and 944-825-50-1B, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Financial Instruments

Disclosure

Reinsurance Contracts

> Disclosures about Concentrations of Credit Risk

944-825-50-1 Under the provisions of Section 825-10-50, a **ceding entity** should disclose concentrations of credit risk associated with both of the following:

- a. **Reinsurance recoverables**~~Reinsurance receivables~~
- b. **Prepaid reinsurance premiums.**

944-825-50-1B Under the provisions of Section 825-10-50, a **ceding entity** should disclose concentrations of credit risk associated with both of the following:

- a. **Reinsurance recoverables**~~Reinsurance receivables~~
- b. **Prepaid reinsurance premiums.**

93. Amend the following paragraphs and related pending content to link the first use of the word *reinsurance* to the Master Glossary term *Reinsurance*, with no link to a transition paragraph, as follows:

Subtopic	Paragraph Amended
340-30, Other Assets and Deferred Costs—Insurance Contracts That Do Not Transfer Insurance Risk	340-30-15-2(b) 340-30-25-1 340-30-35-1 340-30-45-3 340-30-50-2 340-30-55-2
405-30, Liabilities—Insurance-Related Assessments	405-30-15-3(a) 405-30-30-7(c)
450-10, Contingencies—Overall	450-10-60-2

Subtopic	Paragraph Amended
450-20, Contingencies—Loss Contingencies	450-20-05-3(c) 450-20-60-14
460-10, Guarantees—Overall	460-10-15-7(d)
720-20, Other Expenses—Insurance Costs	720-20-05-3 720-20-15-6(b) 720-20-15-8 720-20-25-1
805-20, Business Combinations—Identifiable Assets and Liabilities, and Any Noncontrolling Interest	805-20-25-8(b) 805-20-35-7
810-10, Consolidation—Overall	810-10-05-11
825-10, Financial Instruments—Overall	825-10-25-7(c)
944-10, Financial Services—Insurance—Overall	944-10-05-2(c)
944-20, Financial Services—Insurance—Insurance Activities	944-20-05-2A 944-20-15-1B
944-30, Financial Services—Insurance—Acquisition Costs	944-30-05-1(e)
944-40, Financial Services—Insurance—Claim Costs and Liabilities for Future Policy Benefits	944-40-05-1(d) 944-40-30-32 944-40-50-4B 944-40-55-9D 944-40-55-30
944-210, Financial Services—Insurance—Balance Sheet	944-210-55-2
944-340, Financial Services—Insurance—Other Assets and Deferred Costs	944-340-05-1(b)
944-405, Financial Services—Insurance—Liabilities	944-405-05-1(b)
944-605, Financial Services—Insurance—Revenue Recognition	944-605-05-1(d)

94. Amend the following paragraph to link the second use of the word *reinsurance* to the Master Glossary term *Reinsurance*, with no link to a transition paragraph, as follows:

Subtopic	Paragraph Amended
825-10, Financial Instruments—Overall	825-10-50-22(a)

Amendments to Subtopic 825-20, Financial Instruments—Registration Payment Arrangements

95. *Registration payment arrangement* is not a Master Glossary term, but it is defined in paragraph 825-20-15-3 and is referenced in multiple places within the Accounting Standards Codification. To avoid any confusion and maintain

consistency with the definition of registration payment arrangement, this amendment defines the term in the Master Glossary and supersedes paragraph 825-20-15-3. This amendment also makes consequential amendments to add links to the Master Glossary term in other Topics of the Accounting Standards Codification.

96. Add the new Master Glossary term *Registration Payment Arrangement*, with no link to a transition paragraph, as follows:

Registration Payment Arrangement

An arrangement with both of the following characteristics:

- a. It specifies that the issuer will endeavor to do either of the following:
 - 1. File a registration statement for the resale of specified financial instruments and/or for the resale of equity shares that are issuable upon exercise or conversion of specified financial instruments and for that registration statement to be declared effective by the U.S. Securities and Exchange Commission (SEC) (or other applicable securities regulator if the registration statement will be filed in a foreign jurisdiction) within a specified grace period
 - 2. Maintain the effectiveness of the registration statement for a specified period of time (or in perpetuity).
- b. It requires the issuer to transfer consideration to the counterparty if the registration statement for the resale of the financial instrument or instruments subject to the arrangement is not declared effective or if effectiveness of the registration statement is not maintained. That consideration may be payable in a lump sum or it may be payable periodically, and the form of the consideration may vary. For example, the consideration may be in the form of cash, equity instruments, or adjustments to the terms of the financial instrument or instruments that are subject to the registration payment arrangement (such as an increased interest rate on a debt instrument).

97. Amend paragraph 825-20-15-2 and supersede paragraph 825-20-15-3, with no link to a transition paragraph, as follows:

Financial Instruments—Registration Payment Arrangements

Scope and Scope Exceptions

> Transactions

825-20-15-2 The guidance in this Subtopic applies to the following transactions and activities:

- a. A **{add glossary link}** registration payment arrangement **{add glossary link}** (as defined in the following paragraph) regardless of whether it is issued as a separate agreement or included as a provision of a **financial instrument** or other agreement. An arrangement that requires the issuer to obtain and/or maintain a listing on a stock exchange, instead of, or in addition to, obtaining and/or maintaining an effective registration statement, is within the scope of this Subtopic if the remaining characteristics of the definition of the term *registration payment arrangement* set forth in the following paragraph are met.

825-20-15-3 Paragraph superseded by Accounting Standards Update No. 2016-19. ~~For purposes of this Subtopic, a registration payment arrangement is an arrangement with both of the following characteristics:~~

- a. ~~It specifies that the issuer will endeavor to do any of the following:~~
- ~~1. File a registration statement for the resale of specified financial instruments and/or for the resale of equity shares that are issuable upon exercise or conversion of specified financial instruments and for that registration statement to be declared effective by the Securities and Exchange Commission (SEC) (or other applicable securities regulator if the registration statement will be filed in a foreign jurisdiction) within a specified grace period~~
 - ~~2. Maintain the effectiveness of the registration statement for a specified period of time (or in perpetuity).~~
- b. ~~It requires the issuer to transfer consideration to the counterparty if the registration statement for the resale of the financial instrument or instruments subject to the arrangement is not declared effective or if effectiveness of the registration statement is not maintained. That consideration may be payable in a lump sum or it may be payable periodically, and the form of the consideration may vary. For example, the consideration may be in the form of cash, equity instruments, or adjustments to the terms of the financial instrument or instruments that are subject to the registration payment arrangement (such as an increased interest rate on a debt instrument).~~

98. Amend the following paragraphs and related pending content by linking the first use of the words *registration payment arrangement* to the Master Glossary term *Registration Payment Arrangement*, with no link to a transition paragraph, as follows:

Subtopic	Paragraph Amended
460-10, Guarantees—Overall	460-10-15-7(h)
480-10, Distinguishing Liabilities from Equity—Overall	480-10-15-7(a)
505-10, Equity—Overall	505-10-60-6

Subtopic	Paragraph Amended
815-10, Derivatives and Hedging—Overall	815-10-15-13(n) 815-10-25-5(d)
815-40, Derivatives and Hedging—Contracts in Entity's Own Equity	815-40-25-6(d)
825-10, Financial Instruments—Overall	825-10-05-1(b)
825-20, Financial Instruments—Registration Payment Arrangements	825-20-05-1 825-20-15-1 825-20-30-1 825-20-35-1 825-20-50-1 825-20-55-1

Amendments to Subtopic 852-740, Reorganizations—Income Taxes

99. This amendment makes the wording in paragraph 852-740-45-3 consistent with that in paragraph 852-740-55-2. The term *ordinarily* used in FASB Statement No. 109, *Accounting for Income Taxes*, was related to one exception for enterprises that had previously both adopted FASB Statement No. 96, *Accounting for Income Taxes*, and effected a quasi-reorganization that involves only the elimination of a deficit in retained earnings by a concurrent reduction in contributed capital before adopting Statement 109. That exception is no longer relevant, and, therefore, the term *ordinarily* should be removed.

100. Amend paragraph 852-740-45-3, with no link to a transition paragraph, as follows:

Reorganizations—Income Taxes

Other Presentation Matters

> Quasi-Reorganizations

852-740-45-3 The tax benefits of deductible temporary differences and carryforwards as of the date of a quasi-reorganization as defined and contemplated in Subtopic 852-20 ~~shall be ordinarily~~ are reported as a direct addition to contributed capital if the tax benefits are recognized in subsequent years.

Amendments to Subtopic 860-20, Transfers and Servicing—Sales of Financial Assets

101. Paragraph 860-20-50-2 only includes the first sentence of its source literature, paragraph 16D of FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. This amendment adds language from paragraph 16D to clarify the disclosures that are required when other Topics require disclosures about the transferor's continuing involvement.

102. Add paragraph 860-20-50-2A, with no link to a transition paragraph, as follows:

Transfers and Servicing—Sales of Financial Assets

Disclosure

> All Entities within Scope of Subtopic

860-20-50-2A If specific disclosures are required for a particular form of a transferor's continuing involvement by other Topics, the transferor shall provide the information required in paragraphs 860-20-50-3(b) through (cc) and 860-20-50-4(a) with a cross-reference to the separate notes to financial statements so a financial statement user can understand the risks retained in the transfer. The entity does not need to provide each specific disclosure required in paragraphs 860-20-50-3(d) and 860-20-50-4 if the disclosure is not required by other Topics and the objectives of paragraphs 860-10-50-3 through 50-4 are met. For example, if the transferor's only form of continuing involvement is a derivative, the entity shall provide the disclosures required in paragraphs 860-20-50-3(b) through (cc) and 860-20-50-4(a) and the disclosures about derivatives required by applicable Topics. In addition, the entity shall evaluate whether the other disclosures in paragraphs 860-20-50-3 through 50-4 are necessary for the entity to meet the objectives in those paragraphs.

103. Paragraph 860-20-55-41 provides implementation guidance that is inconsistent with paragraph 860-20-25-11. Paragraph 860-20-55-41 is amended to clarify that in the analysis to determine whether the transferor once again has effective control over transferred financial assets, the transferor must consider both:

- a. Whether it has the unilateral right to purchase a specific transferred financial asset
- b. Whether that unilateral right provides a more-than-trivial benefit to it.

104. Amend paragraph 860-20-55-41, with a link to transition paragraph 860-10-65-5, as follows:

Implementation Guidance and Illustrations

> Implementation Guidance

> > Regaining Control through a Removal-of-Accounts Provision

860-20-55-41 Similarly, when a contingency related to a transferor's contingent right has been met, the transferor generally must account for the repurchase of a specific subset of the financial assets transferred to and held by the entity. When the contingency has been met, the transferor has a unilateral right to purchase a specific transferred financial asset. At that point, the transfer fails the criterion in paragraph 860-10-40-5(c)(2) because the transferor has must determine whether the unilateral right to purchase a specific transferred financial asset provides the transferor with a more-than-trivial benefit. If the unilateral right to purchase a specific transferred financial asset provides the transferor with a more-than-trivial benefit, the transfer fails the criterion in paragraph 860-10-40-5(c)(2). The transferor must perform this analysis do so regardless of whether it intends to exercise its call option.

Amendments to Subtopic 860-50, Transfers and Servicing—Servicing Assets and Liabilities

105. The guidance in AICPA Statement of Position (SOP) 01-6, *Accounting by Certain Entities (Including Entities With Trade Receivables) That Lend to or Finance the Activities of Others*, was incompletely codified in paragraph 860-50-40-6. This amendment includes guidance from paragraph .08(h) of SOP 01-6 on the allocation of the carrying amount of loans that have been retained, which was omitted from the Accounting Standards Codification. This amendment also includes transactions in which a transferor transfers servicing rights and retains the loans to the scope in paragraph 860-50-15-3.

106. Amend paragraph 860-50-15-3, with a link to transition paragraph 820-10-65-11, as follows:

Transfers and Servicing—Servicing Assets and Liabilities

Scope and Scope Exceptions

> Transactions

860-50-15-3 The guidance in this Subtopic applies to transactions in which **servicing assets** are obtained and **servicing liabilities** are incurred, including transactions in which loans are transferred with servicing retained by the

transferor. The guidance in this Subtopic also applies to transactions in which servicing assets are transferred with loans retained by the transferor.

107. Amend paragraph 860-50-40-6, with a link to transition paragraph 820-10-65-11, as follows:

Derecognition

860-50-40-6 The criteria in paragraphs 860-50-40-2 through 40-4 apply to transfers of servicing rights relating to loans previously sold and to transfers of servicing rights relating to loans that are retained by the transferor. The carrying amount of servicing rights sold relating to loans that have been retained shall be allocated at the date of sale between the servicing rights and the loans retained using relative fair values.

Amendments to Subtopic 932-330, Extractive Activities—Oil and Gas—Inventory

108. The current structure of the first sentence in paragraph 932-330-35-1 suggests that the source of the guidance in that paragraph is Topic 815, Derivatives and Hedging. However, Topic 815 does not establish such guidance, and the paragraph should only reference Topic 815 in regards to whether a contract is a derivative.

109. This amendment clarifies that energy trading contracts are not derivatives in accordance with the guidance in Topic 815. The modifying portion of the original sentence did not have the correct placement.

110. Amend paragraph 932-330-35-1, with no link to a transition paragraph, as follows:

Extractive Activities—Oil and Gas—Inventory

Subsequent Measurement

932-330-35-1 ~~In accordance with Topic 815, energy~~ Energy trading contracts that are not accounted for as derivatives in accordance with Topic 815 on derivatives and hedging shall not be measured subsequently at fair value through earnings. Entities shall not measure physical inventories at fair value, except as provided by guidance in other Topics.

Amendments to Subtopic 940-340, Financial Services—Broker and Dealers—Other Assets and Deferred Costs

111. The New York Stock Exchange (NYSE) no longer sells seats on the exchange. The seats were converted into shares of NYSE Euronext (NYX) stock when the NYSE merged with EuroNext in 2007. To trade on the NYSE, firms (not individuals) must purchase trading licenses annually (which confer the right to trade, but no ownership interest). Thus, the Master Glossary term *ABC agreement* is no longer applicable to the NYSE. This amendment removes that Master Glossary term and the reference to it within the Accounting Standards Codification.

112. Amend paragraph 940-340-25-2, with no link to a transition paragraph, as follows:

Financial Services—Brokers and Dealers—Other Assets and Deferred Costs

Recognition

940-340-25-2 A membership held in the name of an individual is considered to be an asset of the broker-dealer if it is held by the broker-dealer under an agreement (such as an ~~ABC agreement~~) that would require the member, upon leaving the broker-dealer, to do any of the following:

- a. Pay the member entity the amount necessary to purchase another membership (if the named individual wishes to retain the membership)
- b. Sell the membership and pay the proceeds over to the member entity
- c. Transfer the membership for a nominal consideration to a person designated by the member entity and satisfactory to the exchange.

113. Supersede the Master Glossary term *ABC Agreement*, with no link to a transition paragraph, as follows:

ABC Agreement

~~An ABC agreement is an agreement between a brokerage entity and one of its employees spelling out the entity's rights when it purchases a New York Stock Exchange membership for the employee. Only individuals can be members of the New York Stock Exchange, and it is common practice for an entity to finance the purchase of a membership, or seat, by one of its employees. The New York Stock Exchange approved ABC agreement contains all of the following provisions regarding the future disposition of the seat:~~

- ~~a. The employee may retain the membership and buy another seat for an individual designated by the entity.~~

- ~~b. The employee may sell the seat and give the proceeds to the entity.~~
- ~~c. The employee may transfer the seat to another employee of the entity.~~

Amendments to Subtopic 944-80, Financial Services—Insurance—Separate Accounts

114. Separate accounts with guaranteed investment returns do not qualify for separate account accounting because they do not pass all investment performance on to the policyholder. Therefore, they must be included in the general account of the company and accounted for like other similar assets held by the company as prescribed in paragraph 944-80-25-4. This amendment corrects the reference in paragraph 944-80-35-1 to reflect that change.

115. Amend paragraph 944-80-35-1, with no link to a transition paragraph, as follows:

Financial Services—Insurance—Separate Accounts

Subsequent Measurement

> Overall

944-80-35-1 Investments in separate accounts shall be reported at **fair value** except for **separate account** contracts with guaranteed investment returns. For those separate accounts, the related assets shall be reported in accordance with ~~Subtopic 944-325~~ paragraph 944-80-25-4.

Amendments to Subtopic 946-205, Financial Services—Investment Companies—Presentation of Financial Statements

116. In the “Registered Investment Companies” column of the table in paragraph 946-205-45-1, the last sentence of the first paragraph should reference SEC Regulation S-X, Part 210, Rule 12-12, *Investments in Securities of Unaffiliated Issuers*, and SEC Regulation S-X, Part 210, Rule 12-12C, *Summary Schedule of Investments in Securities of Unaffiliated Issuers*. Currently, Rule 12-12 is referenced twice. The discussion in footnote (a) to paragraph 946-205-45-1 supports the fact that Rule 12-12C should be referenced in that sentence.

117. Amend paragraph 946-205-45-1, with no link to a transition paragraph, as follows:

Financial Services—Investment Companies—Presentation of Financial Statements

Other Presentation Matters

946-205-45-1 The overall objective of financial statements, including financial highlights, of investment companies is to present net assets, results of operations, changes in net assets, and financial highlights resulting from investment activities and, if applicable, from capital share transactions. In reporting to shareholders, investment companies and investment companies registered with the Securities and Exchange Commission (SEC) shall present financial statements and financial highlights as follows.

Nonregistered Investment Companies	Registered Investment Companies
A statement of assets and liabilities with a schedule of investments or a statement of net assets, which includes a schedule of investments therein, as of the close of the latest period. At a minimum, a condensed schedule of investments (as discussed in paragraphs 946-210-50-4 through 50-10) should be provided for each statement of assets and liabilities.	A statement of assets and liabilities with a schedule of investments or a statement of net assets, which includes a schedule of investments therein (that is, a detailed list of investments in securities, options written, securities sold short, and other investments) as of the close of the latest period. ^(b) A schedule of investments should be provided for each statement of assets and liabilities in conformity with SEC Regulation S-X, Rule 12-12 or 42-12-12C ^(a) .
A statement of operations for the latest period.	A statement of operations for the latest year. ^{(b), (c)}
A statement of cash flows for the latest period (if not exempted by Subtopic 230-10).	A statement of cash flows for the latest year (if not exempted by Subtopic 230-10). ^{(b), (c)}
A statement of changes in net assets for the latest period.	A statement of changes in net assets for the latest two years (for semiannual reports, the most recent semiannual period and preceding fiscal year). ^{(b), (c)}
Financial highlights for the latest period consisting of per share operating performance, net investment income, and expense ratios and total return for all investment companies organized in a manner using unitized net asset value. ^(d)	Financial highlights for the latest five fiscal years ^{(b), (c), (e)} (for semiannual reports, the semiannual period and generally the preceding five fiscal years).

- (a) In 2004, the SEC adopted rule and form amendments that among other matters amended Article 6 and Article 12 of SEC Regulation S-X to permit a registered management investment company to include, under Regulation S-X, Rule 12-12C, a summary schedule of investments in securities of unaffiliated issuers in its reports to shareholders, provided that the complete portfolio schedule required by Rule 12-12 is filed with the Securities and Exchange Commission semi-annually and is provided to shareholders upon request free of charge. All other complete portfolio schedules required by Regulation S-X (Rule 12-12A-Investments-securities sold short, Rule 12-12B-Open option contracts written, Rule 12-13-Investments other than securities, and Rule 12-14-Investments in and advances to affiliates) continue to be required in both shareholder reports and SEC Form N-CSR. The amendments also exempt money market funds (which utilize the exemptive requirements of Rule 2a-7 under the 1940 Act) from including a portfolio schedule in reports to shareholders, provided that this information is filed with the SEC on Form N-CSR semi-annually and provided to shareholders upon request, free of charge. See SEC Release No. IC-26372 under the Investment Company Act of 1940 (1940 Act) for additional information and for effective date and compliance date information.

Although that SEC rule allows a money market fund to exclude its portfolio of investments from its shareholder reports, the generally accepted accounting principles (GAAP) requirement in this Guide that a money market fund present, at a minimum, a condensed schedule of investments for each statement of assets and liabilities (see paragraphs 946-210-50-1 through 50-3), has not been modified.

- (b) If the most current statement of assets and liabilities included in a registration statement is as of a date more than 245 days prior to the date the filing is expected to become effective, then the financial statements, which may be unaudited, included in such filing are to be updated to a date within 245 days of the expected effective date. A statement of assets and liabilities as of such date must be provided as well as a statement of operations, cash flows (if applicable), and statement of changes in net assets for the interim period from the end of the most recent fiscal year for which a statement of assets and liabilities is presented and the date of the most recent interim statement of assets and liabilities.
- (c) The Securities and Exchange Commission staff currently requires that sufficient fiscal periods be presented to cover at least twelve calendar months' results of operations ending on the most recent fiscal year-end date (twenty-four calendar months' changes in net assets; sixty months' financial highlights).
- (d) For investment companies not using unitized net asset value, financial highlights should be presented and consist of net investment income and expense ratios and total return, or the internal rate of return since inception if applicable.
- (e) Item 8(a) of SEC Form N-1A requires financial highlights to be presented for the latest five years in the fund's prospectus. Item 4 of SEC Form N-2 requires financial highlights to be presented for the latest ten years in the fund's prospectus.

Amendments to Subtopic 946-210, Financial Services—Investment Companies—Balance Sheet

118. Paragraph 946-210-50-7 states that the guidance on investments in other investment companies applies to all investment companies. This guidance was codified from the AICPA Audit and Accounting Guide, *Investment Companies* (2008). Before the Accounting Standards Codification, the guidance for

investments in other investment companies applied only to nonregulated investment companies. Once codified, the wording changed to state that the guidance applies to *all* investment companies. This amendment was discussed at the August 5, 2015 Board meeting for the investment companies project and indicates that while all investment companies need to consider investments in other investment companies for the schedule of investments, the requirements in paragraphs 946-210-50-9 through 50-10 apply only to nonregulated investment companies. No transition guidance is provided because the outreach performed by the investment companies project team indicated that current practice follows the original guidance in the 2008 AICPA Audit and Accounting Guide, which is consistent with the amendments being made within this technical correction. The 2015 version of the AICPA Audit and Accounting Guide on investment companies also indicates that the guidance in paragraphs 946-210-50-4 through 50-10 applies to nonregistered investment companies.

119. Supersede paragraph 946-210-50-7 and amend the heading preceding it and add the heading preceding paragraph 946-210-50-9, with no link to a transition paragraph, as follows:

Financial Services—Investment Companies—Balance Sheet

Disclosure

> > Investments in Other Investment Companies—Applicable to All Investment Companies

946-210-50-7 Paragraph superseded by Accounting Standards Update No. 2016-19. This guidance applies to all investment companies.

946-210-50-8 Investments in other investment companies (investees), such as investment partnerships, limited liability companies, and funds of funds, shall be considered investments for purposes of applying paragraph 946-210-50-1(a) through (b) and 946-210-50-6.

> > Investments in Other Investment Companies—Applicable Only to Nonregistered Investment Partnerships

946-210-50-9 If the reporting investment company's proportional share of any investment owned by any individual investee exceeds 5 percent of the reporting investment company's net assets at the reporting date, each such investment shall be named and categorized as discussed in paragraph 946-210-50-6. These investee disclosures shall be made either in the condensed schedule of investments (as components of the investment in the investee) or in a note to that schedule.

946-210-50-10 If information about the investee's portfolio is not available, that fact shall be disclosed.

120. Paragraph 946-210-55-1 incorporates guidance originally included in paragraph 23 of AICPA Statement of Position (SOP) 95-2, *Financial Reporting by Nonpublic Investment Partnerships*. This guidance was updated in paragraph 7.229 of the AICPA Audit and Accounting Guide, *Investment Companies*, to make the example current. These amendments update the example in the Accounting Standards Codification

121. Amend paragraph 946-210-55-1, with no link to a transition paragraph, as follows:

Implementation Guidance and Illustrations

> Illustrations

> > Example 1: Condensed Schedule of Investments

946-210-55-1 This Example illustrates how to apply the guidance in paragraph 946-210-50-6. However, it does not address all possible circumstances that may arise in applying the guidance in that paragraph. Percent of net assets is shown for each category; net assets are assumed to be \$50,000,000 for purposes of this Example.

ABC Associates, Ltd.
Condensed Schedule of Investments ^(c)
December 31, 199X20XX

<u>Shares or Principal Amount, or Number of Shares, or Contracts</u>	<u>Description</u>	<u>Fair Value</u>
	COMMON STOCKS (54.9%)	
	United States (33.8%)	
53,125	Airlines (7.2%)	
	Flight Airlines, Inc. (3.6%) ^(a)	\$ 1,811,297
	Other (3.6%)	1,819,074
		<u>3,630,371</u>
	Banks (1.9%)	937,099
	Financial Services (2.9%)	1,433,210
	Foods (7.1%)	
106,607	Andrews Midlands Co. (5.7%)	2,825,078
	Other (1.4%)	702,824
		<u>3,527,902</u>
	Hospital Supplies and Services (5.6%)	
100,404	Chelsea Clinics Inc.	2,811,297
	Technology (4.1%)	2,039,578
	Utilities (5.0%)	2,480,556
		<u>16,860,013</u>
	Total United States (cost \$16,850,954)	
	Hong Kong (5.7%)	
	Drugs (0.6%)	330,741
	Retail (4.0%)	1,984,445
	Utility-Telephone (1.1%)	552,235
		<u>2,867,421</u>
	Total Hong Kong (cost \$2,756,959)	
	Italy (5.6%)	
	Airlines (0.2%)	110,247
	Financial Services (1.8%)	881,975
	Leisure Related (3.5%)	1,763,951
	Office Supplies (0.1%)	55,123
		<u>2,811,296</u>
	Total Italy (cost \$2,912,465)	
	Spain (5.4%)	
	Banks (2.4%)	1,212,716
	Oil (1.7%)	826,852
	Railroads (1.3%)	661,482
		<u>2,701,050</u>
	Total Spain (cost \$2,643,197)	
	United Kingdom (4.4%)	
	Financial Services (2.3%)	1,157,593
	Technology (2.1%)	1,047,346
		<u>2,204,939</u>
	Total United Kingdom (cost \$2,145,246)	
	TOTAL COMMON STOCKS (cost \$27,308,821)	<u>27,444,719</u>
	LONG-TERM DEBT SECURITIES (41.3%)	
	United States (21.4%)	
	Airlines (2.0%)	
\$1,000,000	Flight Airlines, Inc. 12%, 49987/15/X5 ^(a)	\$ 1,000,000
	Government (19.4%)	
\$3,000,000	U.S. Treasury Bonds, 7-875%-2024 4.5%, 11/15/X7	3,031,791
\$6,600,000	U.S. Treasury Bonds, 6-875%-1999-2024 3.00%-4.75%, 1/30/X5-7/15/X7	6,686,175
		<u>9,717,966</u>
	Total United States (cost \$15,015,200)	10,717,966
	Spain (19.8%) Mexico (19.9%)	
	Government	
\$10,000,000	Spanish Treasury Bonds 4.50%-5.125%, 1994-1997 United Mexican States, 8.625%-9.125%, 3/12/X8-12/7/X9 (cost \$10,000,000)	9,922,224
\$11,000,000		<u>20,640,190</u>
	TOTAL LONG-TERM DEBT SECURITIES (cost \$25,015,200)	
	(The following investments are all in U.S. entities.)	
	LONG PUT AND CALL OPTIONS (2.4%) (cost \$1,225,800)	<u>1,212,716</u>
	United States	
	Telecommunications (cost \$1,225,800)	1,212,716
		<u>661,482</u>
	LOAN PARTICIPATIONS (1.3%) (cost \$465,000)	
	WARRANTS (2.2%) (cost \$1,110,247)	<u>1,110,247</u>
	INTEREST IN INVESTMENT PARTNERSHIP (10.0%) (cost \$4,000,000)	<u>5,000,000</u>
	XYZ Hedge Fund, L.P. (35% owned) ^(b)	
	(XYZ Hedge Fund L.P. owns 6,000 shares, valued at \$9,000,000 of Leisure Cruises, Inc., which is a U.S. entity in the leisure time industry. The partnership's share of this investment is valued at \$3,150,000 as of 12/31/20XX)	
	TOTAL INVESTMENTS (412.4%) (108.6%) (cost \$59,125,068 \$57,549,821)	<u>\$ 56,069,354</u>
		<u>\$ 54,297,625</u>

106.607	SECURITIES SOLD SHORT (5.7%) Andrews-Midlands Co. (Proceeds \$2,716,000)	\$ (2,826,078)		
	SECURITIES SOLD SHORT (9.6%) COMMON STOCKS (5.7%) United States Energy ABC Resources Co. (Proceeds \$2,715,000)	\$ 2,825,075		
	DEBT SECURITIES (3.7%) Canada (3.7%) Telecommunications (proceeds \$1,950,000)	1,867,000		
	WRITTEN OPTIONS (2%) United States Manufacturing (proceeds \$130,000)	127,309		
	TOTAL SECURITIES SOLD SHORT (proceeds \$4,795,000)	\$ 4,819,384		
	Description	Fair Value	Expiration Dates	No. of Contracts
	FUTURES CONTRACTS (12.5%) Financial (5.2%) Eurodollar (5.2%) Indexes (5.6%) S&P 500 (5.6%) Metals (1.7%)	\$ 2,611,825 \$ 2,788,000 840,000	Feb-Apr 20XX Mar-May 20XX	122 89
	TOTAL FUTURES CONTRACTS	\$ 6,239,825		
	FORWARDS (11.5%) Argentinian Peso (5.8%) Other Currencies (5.7%)	\$ 2,910,000 2,876,315	Oct-Nov 20XX	
	TOTAL FORWARDS	\$ 5,786,315		
	SWAPS Interest rate swaps (5.7%) Currency Swaps (7.7%) Yen/U.S. dollar swaps (6.0%) Other (1.7%)	\$ 2,875,000 \$ 2,999,016 868,000	Jan-Feb 20XX	
	TOTAL SWAPS	\$ 6,742,016		

The accompanying notes are an integral part of these financial statements.

- (a) Securities of Flight Airlines, Inc., aggregate 5.6 percent of net assets of ABC Associates, Ltd.
(b) Leisure Cruises, Inc., is named because the proportionate share of ABC Associates, Ltd., equity in it is greater than 5 percent of ABC's net assets. If information about the investments of XYZ was not available, that would have been stated either parenthetically or in a note to this schedule.
(c) This schedule does not include the disclosures relative to the investment objective and restrictions on redemptions, as discussed in paragraph 946-210-50-6(g), because it is presumed that those disclosures are presented in the notes to the financial statements.

Amendments to Subtopic 954-225, Health Care Entities—Income Statement

122. This amendment simplifies the Accounting Standards Codification by removing incomplete measurement guidance from paragraph 954-225-45-2 in the Other Presentation Matters Section and providing a reference to the complete measurement guidance.

123. Amend paragraph 954-225-45-2, with no link to a transition paragraph, as follows:

Health Care Entities—Income Statement

Other Presentation Matters

> Equity Transfers

954-225-45-2 Equity transfers are reported separately as changes in net assets, are excluded from the **performance indicator**, and do not result in any step-up in basis of the underlying assets transferred. Paragraph 958-720-30-3 provides guidance on services. ~~However, a service received from personnel of an affiliate that directly benefits the recipient not-for-profit, business-oriented health care entity and for which the affiliate does not charge the recipient entity may be recorded at the fair value of that service in the circumstances indicated in paragraph 958-720-30-3.~~ Paragraph 954-225-55-1 describes the difference between an equity transfer and an equity transaction.

In addition, amend the following pending content for paragraph 954-225-45-2, with no additional link to transition:

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2017 | **Transition Guidance:** 958-10-65-1

954-225-45-2 Equity transfers are reported separately as changes in net assets, are excluded from the **performance indicator**, and do not result in any step-up in basis of the underlying assets transferred. Paragraph 958-720-30-3 provides guidance on services. ~~However, a service received from personnel of an affiliate that directly benefits the recipient not-for-profit, business-oriented health care entity and for which the affiliate does not charge the recipient entity may be recorded at the fair value of that service in the circumstances indicated in paragraph 958-720-30-3.~~ Paragraph 958-20-55-2B describes the difference between an equity transfer and an equity transaction.

124. This amendment includes a cross-reference to paragraph 220-10-45-10A, which lists some examples of items that are required to be reported in or reclassified from other comprehensive income. Adding the cross-reference helps clarify that the items listed are examples taken from a potentially larger group of items and directs the user of the Accounting Standards Codification to the more complete list.

125. Amend paragraph 954-225-45-7(e), with no link to a transition paragraph, and all the related pending content with no additional link to a transition paragraph, as follows:

954-225-45-7 Health care entities shall report the following items separately from the performance indicator:

- e. Items that are required to be reported in or reclassified from other comprehensive income, such as in accordance with paragraph 220-10-45-10A, which includes, but is not limited to, gains or losses, prior service costs or credits, and transition assets or obligations recognized in accordance with Topic 715; foreign currency translation adjustments; and

the effective portion of the gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments.

Amendments to Subtopic 954-810, Health Care Entities—Consolidation

126. Paragraph 954-810-45-3B addresses noncontrolling interests in other not-for-profit entities. Not-for-profit health care entities frequently have noncontrolling interests in for-profit entities. Section 958-810-45 contains the not-for-profit requirements on reporting noncontrolling interests. Some of that guidance is specific to not-for-profit health care entities. To aid the user in locating presentation and disclosure requirements for noncontrolling interests, a reference is added to refer to Sections 958-810-45 on other presentation matters and 958-810-50 on disclosure.

127. Amend paragraph 954-810-45-3B, with no link to a transition paragraph, as follows:

Health Care Entities—Consolidation

Other Presentation Matters

954-810-45-3B When consolidated financial statements are required or permitted by Section 958-810-25, a noncontrolling interest shall be provided if such interest is represented by an economic interest whereby the noncontrolling interest would share in the operating results or residual interest upon dissolution. (See presentation and disclosure requirements in Sections 958-810-45 and 958-810-50, respectively.)

Amendments to Subtopic 958-205, Not-for-Profit Entities—Presentation of Financial Statements

128. The amendments in Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, added incorrectly the words “that contain no purpose restrictions” to paragraph 958-205-50-1B(e)(3). Whether an endowment fund has an associated purpose restriction does not affect the amount that should be reported as removed from the not-for-profit entity’s endowment. Rather, the act of appropriation by the entity’s governing board is what results in such removal. This amendment removes the words “that contain no purpose restrictions” in paragraph 958-205-50-1B(e)(3).

129. Amend the pending content for paragraph 958-205-50-1B, with no additional link to a transition paragraph, as follows:

958-205-50-1B At a minimum, an NFP shall disclose all of the following information for each period for which it presents financial statements:

- a. A description of the governing board's interpretation of the law or laws that underlie the NFP's net asset classification of donor-restricted endowment funds, including its interpretation of the ability to spend from **underwater endowment funds**.
- b. A description of the NFP's policy or policies for the appropriation of endowment assets for expenditure (its endowment spending policy or policies), including its policy, and any actions taken during the period, concerning appropriation from underwater endowment funds.
- c. A description of the NFP's endowment investment policies, including all of the following:
 1. Return objectives and risk parameters
 2. How return objectives relate to the NFP's endowment spending policy or policies
 3. The strategies employed for achieving return objectives.
- d. The composition of the NFP's endowment by net asset class at the end of the period, in total and by type of endowment fund, showing donor-restricted endowment funds separately from board-designated endowment funds.
- e. A reconciliation of the beginning and ending balance of the NFP's endowment, in total and by net asset class, including, at a minimum, all of the following line items that apply:
 1. Investment return, net
 2. **Contributions**
 3. Amounts appropriated for expenditure ~~that contain no purpose restrictions~~
 4. Subparagraph superseded by Accounting Standards Update No. 2016-14
 5. Other changes.

Amendments to Subtopic 958-605, Not-for-Profit Entities—Revenue Recognition

130. This amendment adds language clarifying the scope of Subtopic 958-605 and provides a link to the Master Glossary term *affiliate*. This guidance was in paragraphs 96 and 97 of FASB Statement No. 136, *Transfers of Assets to a Not-For-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, and was omitted from the Accounting Standards Codification.

131. Add paragraph 958-605-15-13, with no link to a transition paragraph, as follows:

Not-for-Profit Entities—Revenue Recognition

Scope and Scope Exceptions

Transfers of Assets to a Not-for-Profit Entity or Charitable Trust That Raises or Holds Contributions for Others

> Transactions

958-605-15-13 Paragraph 958-605-05-4 applies to transfers to affiliates only if the affiliate recipient entity is not the beneficiary of the transferred assets.

132. The table in paragraph 958-605-55-8 is from the 2008 version of Table 5-1 of the AICPA Audit and Accounting Guide, *Not-for-Profit Entities*. This table contains the indicators of contributions and exchange transactions. In the second indicator, the word “by” should be corrected to “to.”

133. Amend paragraph 958-605-55-8, with no link to a transition paragraph, as follows:

Implementation Guidance and Illustrations

> Implementation Guidance

958-605-55-8 The following table contains a list of indicators that may be helpful in determining whether individual asset transfers are contributions, exchange transactions, or a combination of both. Depending on the facts and circumstances, some indicators may be more significant than others; however, no single indicator is determinative of the classification of a particular transaction. Indicators of a contribution tend to describe transactions in which the value, if any, returned to the resource provider is incidental to potential public benefits. Indicators of an exchange tend to describe transactions in which the potential public benefits are secondary to the potential proprietary benefits to the resource provider.

Indicators Useful in Distinguishing Contributions from Exchange Transactions

Indicator	Contribution	Exchange Transaction
Recipient not-for-profit entity's (NFP's) intent in soliciting the asset ^(a)	Recipient NFP asserts that it is soliciting the asset as a contribution.	Recipient NFP asserts that it is seeking resources in exchange for specified benefits.
Resource provider's expressed intent about the purpose of the asset to be provided to by recipient NFP	Resource provider asserts that it is making a donation to support the NFP's programs.	Resource provider asserts that it is transferring resources in exchange for specified benefits.
Method of delivery	The time or place of delivery of the asset to be provided by the recipient NFP to third-party recipients is at the discretion of the NFP.	The method of delivery of the asset to be provided by the recipient NFP to third-party recipients is specified by the resource provider.
Method of determining amount of payment	The resource provider determines the amount of the payment.	Payment by the resource provider equals the value of the assets to be provided by the recipient NFP, or the assets' cost plus markup; the total payment is based on the quantity of assets to be provided.
Penalties assessed if NFP fails to make timely delivery of assets	Penalties are limited to the delivery of assets already produced and the return of the unspent amount. (The NFP is not penalized for nonperformance.)	Provisions for economic penalties exist beyond the amount of payment. (The NFP is penalized for nonperformance.)
Delivery of assets to be provided by the recipient NFP	Assets are to be delivered to individuals or organizations other than the resource provider.	Assets are to be delivered to the resource provider or to individuals or organizations closely connected to the resource provider.

(a) This table refers to assets. Assets may include services. The terms assets and services are used interchangeably in this table.

Amendments to Subtopic 958-810, Not-for-Profit Entities—Consolidation

134. This amendment adds a reference in paragraph 958-810-45-1 to clarify:
- a. That the information required by that paragraph can be presented in the notes to the consolidated financial statements or on the face of the financial statements
 - b. The minimum disclosure requirements.

135. Paragraph 958-810-45-1 requires that an entity report noncontrolling interests in the equity (net assets) of consolidated subsidiaries as a separate component of the appropriate class of net asset in the consolidated statement of financial position of a not-for-profit entity. Paragraph 958-810-50-4 states that required information may be presented either in the notes to the consolidated financial statements or on the face of the financial statements, if practicable. Paragraph 958-810-50-5 provides the minimum information that should be disclosed.

136. Feedback received through the Codification Feedback System indicated that compliance with those requirements is inconsistent and may be improved if the reference to the requirements in paragraphs 958-810-50-4 through 50-5 were added to paragraph 958-810-45-1.

137. Amend paragraph 958-810-45-1, with no link to a transition paragraph, as follows:

Not-for-Profit Entities—Consolidation

Other Presentation Matters

> Presentation of Noncontrolling Interests

958-810-45-1 Noncontrolling interests in the equity (net assets) of consolidated subsidiaries shall be reported as a separate component of the appropriate class of net assets in the consolidated statement of financial position of a not-for-profit entity (NFP). That amount shall be clearly identified and described (for example, as *noncontrolling ownership interest in subsidiaries*) to distinguish it from the components of net assets of the parent, which includes the parent's controlling financial interest in its subsidiaries. See paragraphs 958-810-50-4 through 50-5 for additional guidance on the requirement related to disclosure of noncontrolling interests either on the face of the statement of activities or in the notes. The effects of **donor-imposed restrictions**, if any, on a partially owned subsidiary's net assets shall be reported in accordance with Subtopics 958-205 and 958-320. Example 1 (see paragraphs 958-810-55-17 through 55-25) illustrates the reporting requirements.

Amendments to Subtopic 965-30, Plan Accounting— Health and Welfare Benefit Plans—Plan Benefit Obligations

138. In the third sentence of paragraph 965-30-35-6, the use of the term *subsequent events* could be confused with the subject of Topic 855, Subsequent Events (that is, events after the balance sheet date but before financial statements

are issued or available to be issued). This amendment clarifies that the events to be addressed in the rollforward of the benefits obligation valuation are those occurring between the most recent valuation date and the plan's year-end.

139. Amend paragraph 965-30-35-6, with no link to a transition paragraph, as follows:

Plan Accounting—Health and Welfare Benefit Plans—Plan Benefit Obligations

Subsequent Measurement

965-30-35-6 The financial status of the plan considers assets and obligations as of the same date. Because **plan assets** are required to be presented as of the plan's year end, the benefit obligations also shall be measured and presented as of the plan's year end. That requirement does not, however, preclude the plan from using the most recent benefit obligations valuation rolled forward to the plan's year end to account for subsequent events occurring between the most recent valuation date and the plan's year end (such as employee service and benefit payments), provided that it is reasonable to expect that the results will not be materially different from the results of an actuarial valuation as of the plan's year end. In rolling forward the benefit obligations to the plan's measurement date, the discount rates shall be adjusted as appropriate to reflect current rates of return on high-quality fixed-income investments. For example, if a valuation was performed at September 30 and the plan has a calendar year end, the benefit obligations as of September 30 should be rolled forward to December 31, by making appropriate adjustments, such as for additional employee service; the time value of money; benefits paid; and changes in the number of participants, actuarial assumptions, discount rates, per capita claims costs, and plan terms.

Amendments to Status Sections

140. Amend paragraph 210-20-00-1, by adding the following item to the table, as follows:

210-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
210-20-55-22	Amended	2016-192016-19	12/14/2016

141. Amend paragraph 220-10-00-1, by adding the following item to the table, as follows:

220-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt Security (1 st def.)	Amended	2016-19	12/14/2016

142. Amend paragraph 230-10-00-1, by adding the following items to the table, as follows:

230-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Effective Interest Rate	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016
230-10-45-21A	Amended	2016-19	12/14/2016

143. Amend paragraph 270-10-00-1, by adding the following item to the table, as follows:

270-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
270-10-50-1	Amended	2016-19	12/14/2016

144. Amend paragraph 275-10-00-1, by adding the following items to the table, as follows:

275-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reasonably Possible	Added	2016-19	12/14/2016
275-10-50-6	Amended	2016-19	12/14/2016
275-10-50-8	Amended	2016-19	12/14/2016
275-10-55-9	Amended	2016-19	12/14/2016

145. Amend paragraph 310-10-00-1, by adding the following items to the table, as follows:

310-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Credit Quality Indicator	Amended	2016-19	12/14/2016
Debt Security (1 st def.)	Amended	2016-19	12/14/2016
Effective Interest Rate	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016

146. Amend paragraph 310-20-00-1, by adding the following items to the table, as follows:

310-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt Security (1 st def.)	Amended	2016-19	12/14/2016
Effective Interest Rate	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016

147. Amend paragraph 310-30-00-1, by adding the following items to the table, as follows:

310-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt Security (1 st def.)	Amended	2016-19	12/14/2016
Effective Interest Rate	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016

148. Amend paragraph 310-40-00-1, by adding the following items to the table, as follows:

310-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt	Superseded	2016-19	12/14/2016
Effective Interest Rate	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016
310-40-10-1	Amended	2016-19	12/14/2016
310-40-15-4A	Added	2016-19	12/14/2016
310-40-15-9	Amended	2016-19	12/14/2016
310-40-25-2	Amended	2016-19	12/14/2016
310-40-35-2	Amended	2016-19	12/14/2016
310-40-40-1	Amended	2016-19	12/14/2016
310-40-55-1	Amended	2016-19	12/14/2016

149. Amend paragraph 320-10-00-1, by adding the following item to the table, as follows:

320-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt Security (1 st def.)	Amended	2016-19	12/14/2016

150. Amend paragraph 325-40-00-1, by adding the following item to the table, as follows:

325-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt Security (1 st Def.)	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016

151. Amend paragraph 326-10-00-1, by adding the following items to the table, as follows:

326-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt Security (1 st Def.)	Amended	2016-19	12/14/2016
Effective Interest Rate	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2nd def.)	Added	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016
326-10-65-1	Amended	2016-19	12/14/2016

152. Amend paragraph 326-20-00-1, by adding the following items to the table, as follows:

326-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Credit Quality Indicator	Amended	2016-19	12/14/2016
Debt Security (1 st def.)	Amended	2016-19	12/14/2016
Effective Interest Rate	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2nd def.)	Added	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016
Reinsurance Receivable	Superseded	2016-19	12/14/2016

Paragraph	Action	Accounting Standards Update	Date
Reinsurance Recoverable	Added	2016-19	12/14/2016
326-20-15-2	Amended	2016-19	12/14/2016
326-20-30-1	Amended	2016-19	12/14/2016
326-20-30-12	Amended	2016-19	12/14/2016
326-20-35-1	Amended	2016-19	12/14/2016
326-20-35-4	Amended	2016-19	12/14/2016
326-20-35-6	Amended	2016-19	12/14/2016
326-20-35-8	Amended	2016-19	12/14/2016
326-20-45-1	Amended	2016-19	12/14/2016
326-20-50-1	Amended	2016-19	12/14/2016
326-20-50-4	Amended	2016-19	12/14/2016
326-20-50-6	Amended	2016-19	12/14/2016
326-20-50-11	Amended	2016-19	12/14/2016
326-20-50-13	Amended	2016-19	12/14/2016
326-20-50-14	Amended	2016-19	12/14/2016
326-20-50-16	Amended	2016-19	12/14/2016
326-20-50-19	Amended	2016-19	12/14/2016
326-20-50-20	Amended	2016-19	12/14/2016
326-20-55-1	Amended	2016-19	12/14/2016
326-20-55-2	Amended	2016-19	12/14/2016
326-20-55-5	Amended	2016-19	12/14/2016
326-20-55-17	Amended	2016-19	12/14/2016
326-20-55-81	Amended	2016-19	12/14/2016
326-20-55-83 through 55-85	Amended	2016-19	12/14/2016

153. Amend paragraph 326-30-00-1, by adding the following items to the table, as follows:

326-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt Security (1 st def.)	Amended	2016-19	12/14/2016
Effective Interest Rate	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016
326-30-30-2	Amended	2016-19	12/14/2016
326-30-50-3	Amended	2016-19	12/14/2016

154. Amend paragraph 340-30-00-1 as follows:

340-30-00-1 ~~No updates have been made to this subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reinsurance	Added	2016-19	12/14/2016
340-30-15-2	Amended	2016-19	12/14/2016
340-30-25-1	Amended	2016-19	12/14/2016
340-30-35-1	Amended	2016-19	12/14/2016
340-30-45-3	Amended	2016-19	12/14/2016
340-30-50-2	Amended	2016-19	12/14/2016
340-30-55-2	Amended	2016-19	12/14/2016

155. Amend paragraph 350-20-00-1, by adding the following item to the table, as follows:

350-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
350-20-45-3	Amended	2016-19	12/14/2016

156. Amend paragraph 350-40-00-1, by adding the following items to the table, as follows:

350-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
350-40-25-17	Added	2016-19	12/14/2016
350-40-65-2	Added	2016-19	12/14/2016

157. Amend paragraph 360-20-00-1, by adding the following item to the table, as follows:

360-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
360-20-55-3	Amended	2016-19	12/14/2016

158. Amend paragraph 405-30-00-1, by adding the following items to the table, as follows:

405-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reinsurance	Added	2016-19	12/14/2016
405-30-15-3	Amended	2016-19	12/14/2016
405-30-30-7	Amended	2016-19	12/14/2016

159. Amend paragraph 405-40-00-1, by adding the following item to the table, as follows:

405-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
405-40-15-2	Added	2016-19	12/14/2016

160. Amend paragraph 450-10-00-1, by adding the following items to the table, as follows:

450-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reinsurance	Added	2016-19	12/14/2016
450-10-60-2	Amended	2016-19	12/14/2016

161. Amend paragraph 450-20-00-1, by adding the following items to the table, as follows:

450-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reinsurance	Added	2016-19	12/14/2016
450-20-05-3	Amended	2016-19	12/14/2016
450-20-60-14	Amended	2016-19	12/14/2016

162. Amend paragraph 460-10-00-1, by adding the following items to the table, as follows:

460-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Registration Payment Arrangement	Added	2016-19	12/14/2016
Reinsurance	Added	2016-19	12/14/2016
460-10-15-7	Amended	2016-19	12/14/2016
460-10-50-1	Amended	2016-19	12/14/2016

163. Amend paragraph 470-20-00-1, by adding the following items to the table, as follows:

470-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt	Superseded	2016-19	12/14/2016
470-20-05-1	Amended	2016-19	12/14/2016
470-20-15-2	Amended	2016-19	12/14/2016
470-20-25-2	Amended	2016-19	12/14/2016
470-20-25-11	Amended	2016-19	12/14/2016
470-20-30-2	Amended	2016-19	12/14/2016
470-20-35-7	Amended	2016-19	12/14/2016
470-20-40-4	Amended	2016-19	12/14/2016
470-20-55-5	Amended	2016-19	12/14/2016
470-20-55-30	Amended	2016-19	12/14/2016

164. Amend paragraph 470-30-00-1, by adding the following items to the table, as follows:

470-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt	Superseded	2016-19	12/14/2016
470-30-05-7	Amended	2016-19	12/14/2016
470-30-15-3	Amended	2016-19	12/14/2016
470-30-25-1	Amended	2016-19	12/14/2016
470-30-35-1	Amended	2016-19	12/14/2016
470-30-40-1	Amended	2016-19	12/14/2016
470-30-45-1	Amended	2016-19	12/14/2016
470-30-50-1	Amended	2016-19	12/14/2016

165. Amend paragraph 470-60-00-1, by adding the following items to the table, as follows:

470-60-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt	Superseded	2016-19	12/14/2016
470-60-10-1	Amended	2016-19	12/14/2016
470-60-15-4A	Added	2016-19	12/14/2016
470-60-15-9	Amended	2016-19	12/14/2016
470-60-35-8	Amended	2016-19	12/14/2016
470-60-55-4	Amended	2016-19	12/14/2016
470-60-55-8	Amended	2016-19	12/14/2016

166. Amend paragraph 480-10-00-1 as follows:

480-10-00-1 ~~No updates have been made to this Subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Registration Payment Arrangement	Added	2016-19	12/14/2016
480-10-15-7	Amended	2016-19	12/14/2016

167. Amend paragraph 505-10-00-1, by adding the following items to the table, as follows:

505-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Registration Payment Arrangement	Added	2016-19	12/14/2016
505-10-15-1	Amended	2016-19	12/14/2016
505-10-60-6	Amended	2016-19	12/14/2016

168. Amend paragraph 505-20-00-1, by adding the following item to the table, as follows:

505-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
505-20-15-1	Amended	2016-19	12/14/2016

169. Amend paragraph 505-30-00-1, by adding the following item to the table, as follows:

505-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
505-30-15-1	Amended	2016-19	12/14/2016

170. Amend paragraph 505-50-00-1, by adding the following items to the table, as follows:

505-50-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Issued, Issuance, or Issuing of an Equity Instrument	Added	2016-19	12/14/2016
505-50-05-1	Amended	2016-19	12/14/2016
505-50-15-1	Amended	2016-19	12/14/2016
505-50-15-2	Amended	2016-19	12/14/2016
505-50-25-2	Amended	2016-19	12/14/2016
505-50-30-2	Amended	2016-19	12/14/2016
505-50-35-1	Amended	2016-19	12/14/2016
505-50-45-1	Amended	2016-19	12/14/2016
505-50-55-2	Amended	2016-19	12/14/2016

171. Amend paragraph 505-60-00-1, by adding the following item to the table, as follows:

505-60-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
505-60-15-1	Amended	2016-19	12/14/2016

172. Amend paragraph 715-30-00-1, by adding the following items to the table, as follows:

715-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Benefits	Amended	2016-19	12/14/2016
Participating Insurance	Added	2016-19	12/14/2016
Participation Right (1 st def.)	Superseded	2016-19	12/14/2016
Participation Right (2 nd def.)	Added	2016-19	12/14/2016
715-30-25-7	Amended	2016-19	12/14/2016
715-30-35-53	Amended	2016-19	12/14/2016
715-30-35-59	Amended	2016-19	12/14/2016
715-30-35-79	Amended	2016-19	12/14/2016
715-30-35-88	Amended	2016-19	12/14/2016
715-30-55-153	Amended	2016-19	12/14/2016

173. Amend paragraph 715-60-00-1, by adding the following items to the table, as follows:

715-60-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Benefits	Amended	2016-19	12/14/2016
Debt Security (1 st def.)	Added	2016-19	12/14/2016
Debt Security (2 nd def.)	Superseded	2016-19	12/14/2016
Participating Insurance Contract	Superseded	2016-19	12/14/2016
Participation Right (2 nd def.)	Amended	2016-19	12/14/2016
Plan Assets (1 st def.)	Amended	2016-19	12/14/2016
715-60-35-107	Amended	2016-19	12/14/2016
715-60-35-112	Amended	2016-19	12/14/2016
715-60-35-115	Amended	2016-19	12/14/2016
715-60-35-156	Amended	2016-19	12/14/2016

174. Amend paragraph 718-10-00-1, by adding the following items to the table, as follows:

718-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Issued, Issuance, or Issuing of an Equity Instrument	Added	2016-19	12/14/2016
718-10-10-1	Amended	2016-19	12/14/2016
718-10-15-3	Amended	2016-19	12/14/2016
718-10-15-6	Amended	2016-19	12/14/2016
718-10-25-9	Amended	2016-19	12/14/2016
718-10-30-2	Amended	2016-19	12/14/2016
718-10-50-2	Amended	2016-19	12/14/2016

175. Add paragraph 718-50-00-1 as follows:

718-50-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Issued, Issuance, or Issuing of an Equity Instrument	Added	2016-19	12/14/2016
718-50-30-1	Amended	2016-19	12/14/2016

176. Amend paragraph 720-20-00-1 as follows:

720-20-00-1 ~~No updates have been made to this Subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reinsurance	Added	2016-19	12/14/2016
720-20-05-3	Amended	2016-19	12/14/2016
720-20-15-6	Amended	2016-19	12/14/2016
720-20-15-8	Amended	2016-19	12/14/2016
720-20-25-1	Amended	2016-19	12/14/2016

177. Amend paragraph 740-20-00-1, by adding the following item to the table, as follows:

740-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt Security (1 st def.)	Amended	2016-19	12/14/2016

178. Amend paragraph 805-10-00-1, by adding the following items to the table, as follows:

805-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016
805-10-15-4	Amended	2016-19	12/14/2016

179. Amend paragraph 805-20-00-1, by adding the following items to the table, as follows:

805-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016
Reinsurance	Added	2016-19	12/14/2016
805-20-25-8	Amended	2016-19	12/14/2016
805-20-35-7	Amended	2016-19	12/14/2016

180. Amend paragraph 810-10-00-1, by adding the following items to the table, as follows:

810-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016
Reinsurance	Added	2016-19	12/14/2016
810-10-05-11	Amended	2016-19	12/14/2016

181. Amend paragraph 815-10-00-1, by adding the following items to the table, as follows:

815-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Registration Payment Arrangement	Added	2016-19	12/14/2016
815-10-15-13	Amended	2016-19	12/14/2016
815-10-25-5	Amended	2016-19	12/14/2016

182. Amend paragraph 815-15-00-1, by adding the following item to the table, as follows:

815-15-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
815-15-55-216	Amended	2016-19	12/14/2016

183. Amend paragraph 815-20-00-1, by adding the following items to the table, as follows:

815-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
815-20-55-24	Amended	2016-19	12/14/2016
815-20-55-44	Amended	2016-19	12/14/2016
815-20-55-44A	Amended	2016-19	12/14/2016

184. Amend paragraph 815-40-00-1, by adding the following items to the table, as follows:

815-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Registration Payment Arrangement	Added	2016-19	12/14/2016
815-40-25-6	Amended	2016-19	12/14/2016

185. Amend paragraph 820-10-00-1, by adding the following items to the table, as follows:

820-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Cost Approach	Amended	2016-19	12/14/2016
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016
Financial Statements Are Available to Be Issued	Added	2016-19	12/14/2016
Income Approach	Amended	2016-19	12/14/2016
Market Approach	Amended	2016-19	12/14/2016
Public Business Entity	Added	2016-19	12/14/2016
820-10-35-16BB	Amended	2016-19	12/14/2016
820-10-35-18D	Amended	2016-19	12/14/2016
820-10-35-24A	Amended	2016-19	12/14/2016
820-10-50-2	Amended	2016-19	12/14/2016
820-10-55-35	Amended	2016-19	12/14/2016
820-10-55-52	Amended	2016-19	12/14/2016
820-10-65-11	Added	2016-19	12/14/2016

186. Amend paragraph 825-10-00-1, by adding the following items to the table, as follows:

825-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
Registration Payment Arrangement	Added	2016-19	12/14/2016
Reinsurance	Added	2016-19	12/14/2016
Reinsurance Recoverable	Added	2016-19	12/14/2016
825-10-05-1	Amended	2016-19	12/14/2016
825-10-05-3	Amended	2016-19	12/14/2016
825-10-15-4	Amended	2016-19	12/14/2016
825-10-25-7	Amended	2016-19	12/14/2016
825-10-45-1A	Amended	2016-19	12/14/2016
825-10-50-22	Amended	2016-19	12/14/2016

187. Amend paragraph 825-20-00-1 as follows:

825-20-00-1 ~~No updates have been made to this subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Registration Payment Arrangement	Added	2016-19	12/14/2016
825-20-05-1	Amended	2016-19	12/14/2016
825-20-15-1	Amended	2016-19	12/14/2016
825-20-15-2	Amended	2016-19	12/14/2016
825-20-15-3	Superseded	2016-19	12/14/2016
825-20-30-1	Amended	2016-19	12/14/2016
825-20-35-1	Amended	2016-19	12/14/2016
825-20-50-1	Amended	2016-19	12/14/2016
825-20-55-1	Amended	2016-19	12/14/2016

188. Amend paragraph 852-740-00-1, by adding the following item to the table, as follows:

852-740-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
852-740-45-3	Amended	2016-19	12/14/2016

189. Amend paragraph 860-10-00-1, by adding the following item to the table, as follows:

860-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016

190. Amend paragraph 860-20-00-1, by adding the following items to the table, as follows:

860-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016
Purchased Financial Assets with Credit Deterioration	Amended	2016-19	12/14/2016
860-20-50-2A	Added	2016-19	12/14/2016
860-20-55-41	Amended	2016-19	12/14/2016

191. Amend paragraph 860-30-00-1, by adding the following item to the table, as follows:

860-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016

192. Amend paragraph 860-50-00-1, by adding the following items to the table, as follows:

860-50-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016
860-50-15-3	Amended	2016-19	12/14/2016
860-50-40-6	Amended	2016-19	12/14/2016

193. Amend paragraph 932-330-00-1, by adding the following item to the table, as follows:

932-330-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
932-330-35-1	Amended	2016-19	12/14/2016

194. Amend paragraph 940-320-00-1, by adding the following item to the table, as follows:

940-320-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016

195. Amend paragraph 940-340-00-1, by adding the following items to the table, as follows:

940-340-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
ABC Agreement	Superseded	2016-19	12/14/2016
940-340-25-2	Amended	2016-19	12/14/2016

196. Amend paragraph 940-405-00-1, by adding the following item to the table, as follows:

940-405-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016

197. Amend paragraph 944-10-00-1, by adding the following item to the table, as follows:

944-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
944-10-05-2	Amended	2016-19	12/14/2016

198. Amend paragraph 944-20-00-1, by adding the following items to the table, as follows:

944-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Contract Period	Amended	2016-19	12/14/2016
Reinsurance Recoverable	Added	2016-19	12/14/2016
944-20-05-2A	Amended	2016-19	12/14/2016
944-20-15-1B	Amended	2016-19	12/14/2016
944-20-50-5	Amended	2016-19	12/14/2016

199. Amend paragraph 944-30-00-1, by adding the following item to the table, as follows:

944-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
944-30-05-1	Amended	2016-19	12/14/2016

200. Amend paragraph 944-40-00-1, by adding the following items to the table, as follows:

944-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reinsurance Recoverable	Added	2016-19	12/14/2016
944-40-05-1	Amended	2016-19	12/14/2016
944-40-25-34	Amended	2016-19	12/14/2016
944-40-30-32	Amended	2016-19	12/14/2016
944-40-50-3	Amended	2016-19	12/14/2016
944-40-50-4B	Amended	2016-19	12/14/2016
944-40-50-4C	Amended	2016-19	12/14/2016
944-40-50-9	Amended	2016-19	12/14/2016
944-40-55-6	Amended	2016-19	12/14/2016
944-40-55-9D	Amended	2016-19	12/14/2016
944-40-55-30	Amended	2016-19	12/14/2016

201. Amend paragraph 944-50-00-1 as follows:

944-50-00-1 ~~No updates have been made to this Subtopic.~~ The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Participating Insurance Contracts	Superseded	2016-19	12/14/2016
944-50-25-2	Amended	2016-19	12/14/2016

202. Amend paragraph 944-80-00-1, by adding the following item to the table, as follows:

944-80-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
944-80-35-1	Amended	2016-19	12/14/2016

203. Add paragraph 944-210-00-1 as follows:

944-210-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reinsurance	Added	2016-19	12/14/2016
944-210-55-1	Amended	2016-19	12/14/2016
944-210-55-2	Amended	2016-19	12/14/2016

204. Amend paragraph 944-310-00-1, by adding the following items to the table, as follows:

944-310-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reinsurance Recoverable	Added	2016-19	12/14/2016
944-310-05-1	Amended	2016-19	12/14/2016
944-310-05-2	Amended	2016-19	12/14/2016
944-310-25-2	Amended	2016-19	12/14/2016
944-310-35-4	Amended	2016-19	12/14/2016
944-310-45-5	Amended	2016-19	12/14/2016
944-310-45-6	Amended	2016-19	12/14/2016
944-310-50-2	Amended	2016-19	12/14/2016

205. Add paragraph 944-340-00-1 as follows:

944-340-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
944-340-05-1	Amended	2016-19	12/14/2016

206. Amend paragraph 944-405-00-1, by adding the following item to the table, as follows:

944-405-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
944-405-05-1	Amended	2016-19	12/14/2016

207. Amend paragraph 944-605-00-1, by adding the following items to the table, as follows:

944-605-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Contract Period	Amended	2016-19	12/14/2016
Reinsurance Receivable	Superseded	2016-19	12/14/2016
Reinsurance Recoverable	Added	2016-19	12/14/2016
944-605-05-1	Amended	2016-19	12/14/2016
944-605-25-22	Amended	2016-19	12/14/2016
944-605-25-23	Amended	2016-19	12/14/2016
944-605-35-12	Amended	2016-19	12/14/2016
944-605-55-1	Amended	2016-19	12/14/2016
944-605-55-11	Amended	2016-19	12/14/2016
944-605-55-12	Amended	2016-19	12/14/2016
944-605-55-14	Amended	2016-19	12/14/2016
944-605-55-15	Amended	2016-19	12/14/2016

208. Amend paragraph 944-805-00-01, by adding the following items to the table, as follows:

944-805-00-01 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Participating Insurance	Added	2016-19	12/14/2016
Participating Insurance Contracts	Superseded	2016-19	12/14/2016
Reinsurance Recoverable	Added	2016-19	12/14/2016
944-805-05-10	Amended	2016-19	12/14/2016
944-805-30-1	Amended	2016-19	12/14/2016

209. Amend paragraph 944-825-00-1, by adding the following items to the table, as follows:

944-825-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Reinsurance Recoverable	Added	2016-19	12/14/2016
944-825-50-1	Amended	2016-19	12/14/2016
944-825-50-1B	Amended	2016-19	12/14/2016

210. Amend paragraph 946-205-00-1, by adding the following item to the table, as follows:

946-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
946-205-45-1	Amended	2016-19	12/14/2016

211. Amend paragraph 946-210-00-1, by adding the following items to the table, as follows:

946-210-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
946-210-50-7	Superseded	2016-19	12/14/2016
946-210-50-9	Amended	2016-19	12/14/2016
946-210-55-1	Amended	2016-19	12/14/2016

212. Amend paragraph 954-225-00-1, by adding the following items to the table, as follows:

954-225-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
954-225-45-2	Amended	2016-19	12/14/2016
954-225-45-7	Amended	2016-19	12/14/2016

213. Amend paragraph 954-810-00-1, by adding the following item to the table, as follows:

954-810-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
954-810-45-3B	Amended	2016-19	12/14/2016

214. Amend paragraph 958-20-00-1, by adding the following item to the table, as follows:

958-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016

215. Amend paragraph 958-205-00-1, by adding the following item to the table, as follows:

958-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
958-205-50-1B	Amended	2016-19	12/14/2016

216. Amend paragraph 958-230-00-1, by adding the following items to the table, as follows:

958-230-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (1 st def.)	Superseded	2016-19	12/14/2016
Financial Asset (2 nd def.)	Added	2016-19	12/14/2016
958-230-55-3	Amended	2016-19	12/14/2016

217. Amend paragraph 958-320-00-1, by adding the following item to the table, as follows:

958-320-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Debt Security (1 st def.)	Amended	2016-19	12/14/2016

218. Amend paragraph 958-605-00-1, by adding the following items to the table, as follows:

958-605-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Financial Asset (2 nd def.)	Amended	2016-19	12/14/2016
958-605-15-13	Added	2016-19	12/14/2016
958-605-55-8	Amended	2016-19	12/14/2016

219. Amend paragraph 958-810-00-1, by adding the following item to the table, as follows:

958-810-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
958-810-45-1	Amended	2016-19	12/14/2016

220. Amend paragraph 960-10-00-1, by adding the following item to the table, as follows:

960-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

221. Amend paragraph 960-20-00-1, by adding the following item to the table, as follows:

960-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

222. Amend paragraph 960-30-00-1, by adding the following item to the table, as follows:

960-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

223. Amend paragraph 960-205-00-1, by adding the following item to the table, as follows:

960-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

224. Amend paragraph 960-325-00-1, by adding the following item to the table, as follows:

960-325-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

225. Amend paragraph 960-360-00-1, by adding the following item to the table, as follows:

960-360-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

226. Amend paragraph 962-10-00-1, by adding the following item to the table, as follows:

962-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

227. Amend paragraph 962-40-00-1, by adding the following item to the table, as follows:

962-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

228. Amend paragraph 962-205-00-1, by adding the following item to the table, as follows:

962-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

229. Amend paragraph 962-325-00-1, by adding the following item to the table, as follows:

962-325-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

230. Amend paragraph 965-10-00-1, by adding the following item to the table, as follows:

965-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016

231. Amend paragraph 965-20-00-1, by adding the following items to the table, as follows:

965-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Benefits	Amended	2016-19	12/14/2016
Plan Assets (1 st def.)	Amended	2016-19	12/14/2016

232. Amend paragraph 965-30-00-1, by adding the following items to the table, as follows:

965-30-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Benefits	Amended	2016-19	12/14/2016
Plan Assets (1 st def)	Amended	2016-19	12/14/2016
965-30-35-6	Amended	2016-19	12/14/2016

233. Amend paragraph 965-40-00-1, by adding the following item to the table, as follows:

965-40-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Benefits	Amended	2016-19	12/14/2016

234. Amend paragraph 965-205-00-1, by adding the following items to the table, as follows:

965-205-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016
Plan Assets (1 st def.)	Amended	2016-19	12/14/2016

235. Amend paragraph 965-310-00-1, by adding the following item to the table, as follows:

965-310-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Plan Assets (1 st def.)	Amended	2016-19	12/14/2016

236. Amend paragraph 965-325-00-1, by adding the following items to the table, as follows:

965-325-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Paragraph
Benefits	Amended	2016-19	12/14/2016
Plan Assets (1 st def.)	Amended	2016-19	12/14/2016

237. Amend paragraph 965-360-00-1, by adding the following item to the table, as follows:

965-360-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Plan Assets (1 st def.)	Amended	2016-19	12/14/2016

The amendments in this Update were adopted by the unanimous vote of the seven members of the Financial Accounting Standards Board:

Russell G. Golden, *Chairman*
James L. Kroeker, *Vice Chairman*
Christine A. Botosan
Daryl E. Buck
R. Harold Schroeder
Marc A. Siegel
Lawrence W. Smith

Background Information and Basis for Conclusions

BC1. Paragraphs BC2–BC16 summarize the Board's additional considerations in reaching the conclusions in this Update. The basis for each change is provided before each amendment for clarity and ease of understanding.

Benefits and Costs

BC2. The objective of financial reporting is to provide information that is useful to present and potential investors, creditors, donors, and other capital market participants in making rational investment, credit, and similar resource allocation decisions. However, the benefits of providing information for that purpose should justify the related costs. Present and potential investors, creditors, donors, and other users of financial information benefit from improvements in financial reporting, while the costs to implement new guidance are borne primarily by present investors. The Board's assessment of the costs and benefits of issuing new guidance is unavoidably more qualitative than quantitative because there is no method to objectively measure the costs to implement new guidance or to quantify the value of improved information in financial statements.

BC3. The Board does not anticipate that entities will incur significant costs because of the amendments in this Update. The amendments provide the benefit of improving consistent application of GAAP by clarifying guidance that already exists within GAAP. The amendments do not create new accounting requirements, and the Board does not expect the amendments to result in significant changes in practice. Therefore, the Board concluded that the cost of implementing the amendments is not significant.

Amendments to Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors, and Subtopic 470-60, Debt—Troubled Debt Restructurings by Debtors

BC4. The Master Glossary term *debt* originates from FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*. That definition was developed specifically for the guidance on troubled debt restructurings. *Debt* is a frequently used term throughout the Accounting Standards Codification, and the definition had already been linked to other guidance in Subtopic 470-20, Debt—Debt with Conversion and Other Options, and Subtopic 470-30, Debt—Participating Mortgage Loans, which are unrelated to troubled debt restructurings. The Board is concerned that the definition from

Statement 15 may not be robust enough to be used in other guidance on debt and, therefore, decided to remove the Statement 15 definition from the Master Glossary to prevent its use by analogy or other means in guidance that is not directly related to troubled debt restructurings. The amendment, instead, places the definition in the related guidance for troubled debt restructurings in Subtopics 310-40 and 470-60.

Amendments to Subtopic 350-40, Intangibles—Goodwill and Other—Internal-Use Software

BC5. The amendments in Accounting Standards Update No. 2015-05, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, superseded the guidance in paragraph 350-40-25-16, which removed the requirement to analogize to the guidance in Topic 840, Leases, when determining the asset acquired in a software licensing arrangement in the scope of Subtopic 350-40. The amendments in Update 2015-05 prescribe that an entity should apply the existing recognition and measurement requirements in GAAP for acquired intangible assets to a hosting arrangement that includes a license (as described in paragraphs 350-40-15-1 through 15-4C). Some stakeholders expressed concern that the accounting for software licenses acquired for internal use following the adoption of the amendments in Update 2015-05 is not clear because paragraph 350-40-25-16 was superseded and no new guidance was added in its place. On the basis of that feedback, the Board added a reference within Subtopic 350-40 to the recognition and measurement guidance for acquired intangible assets that already exists in GAAP and that entities should follow in accounting for acquired internal-use software licenses that are within the scope of Subtopic 350-40.

BC6. A few comment letter respondents requested that the Board provide additional measurement guidance for acquired internal-use software licenses within the scope of Subtopic 350-40 (for example, those respondents requested specific guidance to address variable consideration and renewal or cancellation provisions in those software licensing contracts). The Board decided that additional guidance is not necessary because the amendments in this Update refer to measurement guidance that already exists in GAAP for, and is already applied to, other acquisitions of nonfinancial assets (see paragraph 350-30-30-1, which refers to several paragraphs in Topic 805, Business Combinations). The Board concluded that the same guidance should be applied to acquired internal-use software licenses that are within the scope of Subtopic 350-40.

Amendments to Subtopic 360-20, Property, Plant, and Equipment—Real Estate Sales

BC7. The amendment to Subtopic 360-20 corrects an omission from the Accounting Standards Codification. In EITF Issue No. 87-9, “Profit Recognition on Sales of Real Estate with Insured Mortgages or Surety Bonds,” the Task Force initially concluded that loans insured under the Federal Housing Administration and the Veterans Administration would have to be *fully* insured under those programs for profit recognition under the full accrual method to be used. After additional research and outreach, the Task Force concluded that such loans do not need to be fully insured and reversed its original position to permit profit recognition under the full accrual method for all loans insured under the Federal Housing Administration or Veterans Administration programs. The Board noted that when Issue 87-9 was codified in Subtopic 360-20, the final paragraph in that Issue that contained the reversal of the initial position of the Task Force was not codified. The amendment in this Update corrects the Accounting Standards Codification to reflect the final conclusions of the Task Force on that Issue.

Amendments to Subtopic 405-40, Liabilities—Obligations Resulting from Joint and Several Liability Arrangements

BC8. The Board noted that the existing guidance for joint and several liability arrangements was not clear on which obligation amounts must be fixed when applying the guidance in paragraph 405-40-15-1. The Board added additional guidance to clarify that the amount that must be fixed on obligations arising from joint and several liability arrangements that is discussed in paragraph 405-40-15-1 is the amount of the obligation in its entirety, not the entity’s piece of the obligation. This additional clarification aligns with related guidance in paragraph 405-40-30-1(b).

Amendments to Subtopic 715-30, Compensation—Retirement Benefits—Defined Benefit Plans—Pension, and Subtopic 944-50, Financial Services—Insurance—Policyholder Dividends

BC9. The Board decided to simplify the Accounting Standards Codification by using consistent terminology related to participating insurance. Currently, the terms *participating insurance*, *participating insurance contract*, *participating insurance contracts*, and *participating contract* are all used to represent the same concept. The amendment in this Update uses the term *participating insurance* throughout the related guidance and removes the duplicate terms *participating*

insurance contract, participating insurance contracts, and participating contract from the Master Glossary.

BC10. In addition, the use of consistent language allows duplicative Master Glossary terms to be removed, which further simplifies the Accounting Standards Codification.

Amendments to Subtopic 825-10, Financial Instruments—Overall

BC11. The Board decided to simplify the guidance on reinsurance by using consistent terminology throughout the relevant guidance. The Board decided to replace the Master Glossary term *reinsurance receivable* with *reinsurance recoverable*. The change in terminology is more appropriate to that which is being defined—all amounts recoverable from reinsurers for paid and unpaid claims. The term *reinsurance receivable* also is widely used in practice to represent the amounts receivable from the sale of reinsurance contracts. This change in terminology helps to avoid confusion between the two terms and simplifies the Accounting Standards Codification.

BC12. The Board noted that the guidance in paragraphs 815-15-55-101(b), 815-15-55-107 through 55-109, and 944-815-60-8 does not reference a reinsurance recoverable asset to a ceding insurance company from an assuming insurance company. Rather, the guidance in those paragraphs refers to a funds-withheld asset to the assuming insurance company from the ceding insurance company arising from a modified coinsurance arrangement. Therefore, the guidance in those paragraphs was not amended.

Amendments to Subtopic 860-20, Transfers and Servicing—Sales of Financial Assets

BC13. The Board agreed that paragraph 860-20-55-41 is inconsistent with the paragraph for which it is providing implementation guidance (paragraph 860-20-25-11). The implementation guidance in paragraph 860-20-55-41 is amended to clarify that, in the analysis, to determine whether the transferor once again has effective control over transferred financial assets, the transferor must consider both (a) whether it has the unilateral right to purchase a specific transferred financial asset and (b) whether that unilateral right provides a more-than-trivial benefit to it.

Amendments to Subtopic 958-205, Not-for-Profit Entities—Presentation of Financial Statements

BC14. The amendments in Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, incorrectly added the words “that contain no purpose restrictions” to paragraph 958-205-50-1B(e)(3). These words should not have been added and, thus, should be removed to reflect the wording in the legacy literature. Whether funds appropriated for expenditure from an endowment fund have an associated purpose restriction does not affect the amount that should be reported as removed from the NFP entity's endowment. Rather, the act of appropriation by the entity's governing board is what results in such removal. Furthermore, it was not the Board's intent to require a distinction between funds appropriated for expenditure by requiring separate presentation of such funds that contain no restrictions from funds that are appropriated for a specific purpose.

Transition

BC15. The Board does not expect the majority of the amendments to result in changes in current practice. Amendments that do not have specific transition guidance are effective upon issuance of this Update.

BC16. The Board is proposing transition guidance for certain amendments because of the nature of the amendments. When guidance was omitted or unclear, some entities may not have applied that guidance as intended. The Board provides transition guidance to facilitate those corrections.

Amendments to the XBRL Taxonomy

The amendments to the *FASB Accounting Standards Codification*® in this Accounting Standards Update require changes to the U.S. GAAP Financial Reporting Taxonomy (Taxonomy). Those changes, which will be incorporated into the proposed 2017 Taxonomy, are available for public comment through ASU Taxonomy Changes provided at www.fasb.org, and finalized as part of the annual release process.