

FINANCIAL ACCOUNTING SERIES



ACCOUNTING STANDARDS UPDATE

No. 2009-09
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Accounting for Investments—Equity Method and Joint Ventures and Accounting for Equity-Based Payments to Non-Employees

Amendments to Sections 323-10-S99 and 505-50-S99

An Amendment of the *FASB Accounting Standards Codification*[™]

Financial Accounting Standards Board
of the Financial Accounting Foundation

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Securities and Exchange Commission (SEC) Content

Accounting for Investments—Equity Method and Joint Ventures and Accounting for Equity-Based Payments to Non-Employees

Amendments to Sections 323-10-S99 and 505-50-S99

This Accounting Standards Update represents a correction to Section 323-10-S99-4, *Accounting by an Investor for Stock-Based Compensation Granted to Employees of an Equity Method Investee*. Section 323-10-S99-4 was originally entered into the Codification incorrectly.

Additionally, it adds observer comment *Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees* to the Codification.

1. In accordance with SEC update, amend paragraph 323-10-S99-4 with no link to transition, as follows:

> > Comments Made by SEC Observer at EITF Meetings

> > > SEC Observer Comment: Accounting by an Investor for Stock-Based Compensation Granted to Employees of an Equity Method Investee

S99-4 The following is the text of SEC Observer Comment: Accounting by an Investor for Stock-Based Compensation Granted to Employees of an Equity Method Investee.

Paragraph 323-10-25-3 provides guidance on the accounting by an investor for stock-based compensation based on the investor's stock granted to employees of an equity method investee. Investors that are SEC registrants should classify any income or expense resulting from application of this guidance in the same income statement caption as the equity in earnings (or losses) of the investee.

~~SEC registrants can expect the SEC staff to challenge accounting by the grantee or grantor in transactions involving equity instruments granted to other than employees (paragraph 505-50-25-2) if their accounting does not reflect the same commitment date or similar values.~~

2. In accordance with SEC update, add paragraph 505-50-S25-2 and related heading, with no link to transition, as follows:

> Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees

505-50-S25-2 See paragraph 505-50-S99-2. SEC Observer Comment: Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees. for SEC Staff views on this topic. [EITF 00-18, Discussion, sequence 29]

3. In accordance with SEC update, add paragraph 505-50-S99-2 and related headings, with no link to transition, as follows:

> > Comments Made by SEC Observer at EITF Meetings

> > > SEC Observer Comment: Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees

505-50-S99-2 The following is the text of the SEC Observer Comment: Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees.

SEC registrants can expect the SEC Staff to challenge accounting by the grantee or grantor in transactions involving equity instruments granted to other than employees (paragraph 505-50-25-2) if their accounting does not reflect the same commitment date or similar values. [EITF 00-18, Discussion, sequence 29]

4. Amend paragraph 323-10-S00-1 as follows:

Paragraph Number	Action	Accounting Standards Update	Date
323-10-S99-4	Amended	2009-09	09/17/2009

5. Add paragraph 505-50-S00-1 as follows:

Paragraph Number	Action	Accounting Standards Update	Date
505-50-S25-2	Added	2009-09	09/17/2009
505-50-S99-2	Added	2009-09	09/17/2009