FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Board Meeting Handout
Consolidation Principal versus Agent Analysis
October 24, 2013

Purpose of this Meeting

1. At the October 24, 2013, Board meeting, the staff will ask the Board if money market funds should be excluded from the scope of Topic 810, *Consolidation*.

Background

2. Update 2010-10, *Amendments for Certain Investment Funds,* was issued in part to address concerns that FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R),* may have required certain funds (for example, money market funds that are required to comply with or operate in accordance with requirements that are similar to those included in Rule 2a-7 of the Investment Company Act of 1940) to be consolidated by their fund managers.

3. The amendments in the 2011 proposed Accounting Standards Update, *Consolidation (Topic 810): Principal versus Agent Analysis,* (proposed Update) would rescind the indefinite deferral in Update 2010-10 for money market funds and require money market funds to be evaluated under the proposed Update. Comment letter respondents noted that applying the analysis in the proposed Update would generally result in money market funds being consolidated by their fund managers.

Views for Board Consideration

4. The staff has identified the following views for the Board's consideration:

   a. **View 1-** Provide a scope exception from the scope of Topic 810 for an entity required to comply with or operate in accordance with requirements that are similar to those included in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds.

   b. **View 2-**Apply the principal versus agent analysis to all money market funds.

The staff prepares Board meeting handouts to facilitate the audience's understanding of the issues to be addressed at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect the views of the FASB or its staff. Official positions of the FASB are determined only after extensive due process and deliberations.

Staff Recommendation

5. The staff recommends View 1.

Question for the Board
Should an entity required to comply with or operate in accordance with requirements that are similar to those included in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds be excluded from the scope of Topic 810?