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# Financial Services



## On-Call Accounting Alert

### Select On-Call Advisory Services Group members

**Lisa D. Filomia-Aktas**

[lisa.filomia@ey.com](mailto:lisa.filomia@ey.com)  
+ 1 212 773 2833

**Hee Lee**

[hee.lee@ey.com](mailto:hee.lee@ey.com)  
+ 1 212 773 8605

**Timothy Kane**

[timothy.kane@ey.com](mailto:timothy.kane@ey.com)  
+ 1 212 773 3648

**Peter Hornecker**

[peter.hornecker@ey.com](mailto:peter.hornecker@ey.com)  
+ 1 212 773 0227

**Kenneth Wilchfort**

[kenneth.wilchfort02@ey.com](mailto:kenneth.wilchfort02@ey.com)  
+ 1 212 773 3414

**David Thrope**

[david.thrope@ey.com](mailto:david.thrope@ey.com)  
+ 1 212 773 0930

**Jim Medeiros**

[james.medeiros@ey.com](mailto:james.medeiros@ey.com)  
+ 1 212 773 1884

**Mandy Sagar**

[mandy.sagar@ey.com](mailto:mandy.sagar@ey.com)  
+ 1 703 747 0660

**Betty Davis**

[betty.davis@ey.com](mailto:betty.davis@ey.com)  
+ 1 202 327 5631

**Jennifer Weiner**

[jennifer.weiner@ey.com](mailto:jennifer.weiner@ey.com)  
+ 1 617 859 6047

### FASB Decides Not To Issue Proposed FSP FAS 107-a- Financial Asset Disclosures

On 23 January 2009, the Financial Accounting Standards Board (FASB) decided not to proceed with the issuance of proposed FASB Staff Position (FSP) FAS 107-a, *Disclosures about Certain Financial Assets: An Amendment of FASB Statement No. 107* (the proposed FSP). As noted in the summary of the proposed FSP included in the 26 December 2008 *Accounting and Auditing News* [], the proposed FSP was released for public comment on 24 December 2008 and was part of the four short-term projects that were announced by the FASB at a special meeting held on 15 December 2008 to address accounting and reporting issues arising from the global credit crisis. The proposed FSP would have amended the disclosure requirements about certain financial assets in FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments* (Statement 107), and been effective for interim and annual reporting periods ending after 15 December 2008 (i.e., 31 December 2008, for a calendar year-end entity). The proposal would have required, among other things, disclosure of pro forma earnings before taxes amounts as if all financial assets had been accounted for: (1) at fair value and (2) based on an "incurred loss" model similar to the accounting for many loans.

The majority of respondents did not support the proposed FSP as written for numerous reasons. Because of some of the issues identified, the FASB has elected not to proceed to issue the proposed FSP as written or with revisions. However, the FASB has decided to issue a new proposed FSP next week to require the disclosures specified in Statement 107 to be included in interim

financial statements. The Board will request constituents to comment if certain non-financial companies should be excluded from the scope of the proposed FSP.

The proposed FSP will have a 30 day comment period and is expected to be issued by 15 March 2009 and be applicable for first quarter 2009 interim reporting for a calendar-quarter company.

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