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Accounting Roundup  
Year in Review — 2014





To our clients, colleagues, and other friends:

Welcome to the 2014 edition of *Accounting Roundup: Year in Review*. One of the biggest developments in 2014 was the FASB's and IASB's issuance of their joint standard on revenue recognition, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. Further, the boards formed a joint revenue transition resource group (TRG) to seek feedback on potential issues related to implementing the new revenue standard.

In addition, the FASB made progress on its broad projects to (1) work with the PCC to develop alternative guidance for private companies and (2) simplify certain aspects of U.S. GAAP. Regarding private-company alternatives, the Board issued ASUs on goodwill and interest rate swaps. Moreover, while the FASB has not yet issued any standards as part of its new, broad simplification initiative, it did release ASUs on discontinued operations and removal of the development-stage entity concept from U.S. GAAP, both of which were a step in the direction of simplified guidance.

Meanwhile, the IASB issued IFRS 9, which represents the completion of its financial instruments project. The new standard substantially revises IFRS guidance on classification and measurement, including impairment, as well as hedge accounting.

So what will be the focus for 2015? In addition to the FASB's simplification efforts, the potential use of IFRSs in the U.S. reporting system remains on the table. Previously, the SEC has considered three potential alternatives: (1) adopting IFRSs outright, (2) giving U.S. registrants the option of filing IFRS financial statements, and (3) using the so-called "condorsement" approach. At the 2014 AICPA Conference on Current SEC and PCAOB Developments, James Schnurr, chief accountant in the SEC's Office of the Chief Accountant, mentioned the possibility of a fourth alternative in which U.S. companies would be permitted to voluntarily provide IFRS-prepared financial information as a supplement to their U.S. GAAP financial statements.

The AICPA held its annual Conference on Current SEC and PCAOB Developments in early December. During the conference, representatives from the SEC, PCAOB, FASB, IASB, and other organizations provided updates on new developments, regulations, and current priorities. For more information about the conference, see Deloitte's December 15, 2014, [Heads Up](#).

*Accounting Roundup: Year in Review* summarizes final guidance released during 2014 that could affect reporting and disclosures for the coming reporting season. In addition, it provides an overview of the current status of active FASB projects, which have the potential to significantly affect reporting and disclosure in future years, as well as a table of significant adoption dates and deadlines that entities may need to be aware of.

This issue also includes, for the first time, an appendix ([Appendix A](#)) comprising a list of linked Deloitte publications containing more information about the topics discussed. Note that with the exception of documents issued in December, proposed guidance, such as exposure drafts and invitations to comment, is not included in *Accounting Roundup: Year in Review*. Please see our 2014 monthly and quarterly issues of [Accounting Roundup](#) for more information about these documents.

In addition, note that in this year-end edition, an asterisk in the article title denotes events that occurred in December or that were not addressed in [previous 2014 issues of Accounting Roundup](#), including updates to previously reported topics. Events without asterisks were covered in those previous issues.

As usual, titles of articles in the table of contents are linked to the articles themselves. For additional information about a topic, click the hyperlinks, which are blue.

Visit Deloitte's [US GAAP Plus Web site](#) for the latest accounting news and publications. Also see our [Twitter](#) feed for up-to-date information on the latest news, research, events, and more.

We hope that *Accounting Roundup: Year in Review* will be helpful to you this financial reporting season. As always, we welcome your feedback. Please send questions and comments to [accountingstandards@deloitte.com](mailto:accountingstandards@deloitte.com).

Happy New Year,

Deloitte & Touche LLP



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## Accounting — New Standards and Exposure Drafts

### Consolidation

#### FASB Issues ASU Related to Consolidated Collateralized Financing Entities

**Affects:** All entities.

**Summary:** On August 5, 2014, the FASB issued [ASU 2014-13](#), which gives entities that consolidate a CFE an optional practicability exception from applying the fair value measurement guidance in ASC 820 when all of the financial assets and financial liabilities of the consolidated CFE are measured at fair value through net income under other U.S. GAAP (e.g., when the entity had elected the fair value option for all of the CFE's financial assets and financial liabilities).

In addition, under the ASU, a CFE:

- May hold a financial instrument measured at cost as long as (1) the carrying amount of the financial instrument approximates fair value and (2) the financial instrument stems from the operations of the CFE (e.g., cash and other payables or receivables).
- Would not be eligible for the practicability exception if the financial liabilities of the CFE have recourse to something other than the assets of the CFE (e.g., if there is a guarantee of the CFE's beneficial interests by the reporting entity).

If elected, the practicability exception would allow a reporting entity to measure both the financial assets and the financial liabilities of the CFE by using the more observable of the fair value of the financial assets and the fair value of the financial liabilities, effectively eliminating any measurement difference.

**Next Steps:** ASU 2014-13 is effective for public business entities for reporting periods (including interim periods) beginning after December 15, 2015. For all other entities, the guidance is effective for annual reporting periods ending after December 15, 2016, and interim and annual periods thereafter. Early adoption is permitted. Entities have the option of applying the guidance by using either a modified retrospective approach (i.e., by recording a cumulative-effect adjustment as of the beginning of the annual period of adoption) or a full retrospective approach. In addition, at transition, entities that wish to apply the measurement alternative to a consolidated CFE can elect the fair value option for all of the CFE's financial assets and financial liabilities.

**Other Resources:** Deloitte's June 2014 [EITF Snapshot](#). ●

### Development-Stage Entities

#### FASB Issues ASU to Eliminate the Concept of a Development-Stage Entity From U.S. GAAP

**Affects:** All entities.

**Summary:** On June 10, 2014, the FASB issued [ASU 2014-10](#), which eliminates the concept of a development-stage entity (DSE) from U.S. GAAP and removes:

- ASC 915 in its entirety, which contained presentation and disclosure requirements for DSEs (e.g., inception-to-date information).
- The guidance in ASC 810 on evaluating whether a DSE has sufficient equity at risk (one of the criteria used in determining whether an entity is a VIE).

The ASU also clarifies that the disclosure requirements in ASC 275 (i.e., disclosures about risks and uncertainties) apply to entities that have "not commenced planned principal operations."

As the FASB explains in the ASU, users of DSE financial statements do not find "the [DSE] distinction, the inception-to-date information, and certain other disclosures currently required [for DSEs to be] decision useful."

**Next Steps:** Except for the amendments to ASC 810, the ASU is effective for public business entities for reporting periods (including interim periods) beginning after December 15, 2014. For other entities, the amendments are effective for annual periods beginning after December 15, 2014, and interim periods beginning after December 15, 2015. The amendments to ASC 810 are effective for annual periods beginning after December 15, 2015, for public business entities and annual periods beginning after December 15, 2016, for other entities. Early adoption of the amendments is permitted for “any annual reporting period or interim period for which the entity’s financial statements have not yet been issued.”

**Other Resources:** For more information, see the [press release](#) on the FASB’s Web site. ●

## Discontinued Operations

### FASB Issues ASU to Amend Discontinued-Operations Reporting

**Affects:** All entities.

**Summary:** On April 10, 2014, the FASB issued [ASU 2014-08](#), which amends the definition of a discontinued operation in ASC 205-20 and requires entities to provide additional disclosures about discontinued operations as well as disposal transactions that do not meet the discontinued-operations criteria.

The FASB issued the ASU to make it more difficult for a disposal transaction to qualify as a discontinued operation (since the FASB believes that too many disposal transactions were qualifying as discontinued operations under the old definition). Under the previous guidance, the results of operations of a component of an entity were classified as a discontinued operation if all of the following conditions were met:

- The component “has been disposed of or is classified as held for sale.”
- “The operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal transaction.”
- “The entity will not have any significant continuing involvement in the operations of the component after the disposal transaction.”

The new guidance eliminates the second and third criteria above and instead requires discontinued-operations treatment for disposals of a component or group of components that represents a strategic shift that has or will have a major impact on an entity’s operations or financial results. The ASU also expands the scope of ASC 205-20 to disposals of equity method investments and businesses that, upon initial acquisition, qualify as held for sale.

In addition, the ASU requires entities to reclassify assets and liabilities of a discontinued operation for all comparative periods presented in the statement of financial position. Before these amendments, ASC 205-20 neither required nor prohibited such presentation.

Regarding the statement of cash flows, an entity must disclose, in all periods presented, either (1) operating and investing cash flows or (2) depreciation and amortization, capital expenditures, and significant operating and investing noncash items related to the discontinued operation. This presentation requirement represents a significant change from previous guidance.

The new guidance is likely to have the greatest impact on entities that enter into routine disposal transactions, such as those in the real estate or retail industries.

**Next Steps:** The ASU is effective prospectively for all disposals (except disposals classified as held for sale before the adoption date) or components initially classified as held for sale in periods beginning on or after December 15, 2014. Early adoption is permitted.

**Other Resources:** Deloitte’s April 22, 2014, [Heads Up](#). Also see the [press release](#) on the FASB’s Web site. ●

## Financial Instruments

### FASB Issues ASU on Hybrid Financial Instruments

**Affects:** All entities.

**Summary:** On November 3, 2014, the FASB issued [ASU 2014-16](#) in response to the EITF's final consensus on Issue 13-G. The ASU requires entities to "determine the nature of the host contract by considering all stated and implied substantive terms and features of the hybrid financial instrument, weighing each term and feature on the basis of the relevant facts and circumstances."

When assessing the substance of the relevant terms and features, an entity should consider:

- "The characteristics of the terms and features themselves."
- "The circumstances under which the hybrid financial instrument was issued or acquired."
- "The potential outcomes of the hybrid financial instrument."

**Next Steps:** For public business entities, the ASU is effective for annual periods beginning after December 15, 2015, and interim periods within those annual periods. For other entities, the ASU is effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted.

**Other Resources:** Deloitte's September 2014 [EITF Snapshot](#). ●

## Going Concern

### FASB Issues ASU on Going Concern

**Affects:** All entities.

**Summary:** On August 27, 2014, the FASB issued [ASU 2014-15](#), which provides guidance on determining when and how reporting entities must disclose going-concern uncertainties in their financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements. Further, an entity must provide certain disclosures if there is "substantial doubt about the entity's ability to continue as a going concern."

The FASB believes that requiring management to perform the assessment will enhance the timeliness, clarity, and consistency of related disclosures and improve convergence with IFRSs (which emphasize management's responsibility for performing the going-concern assessment). However, the time horizon for the assessment (look-forward period) and the disclosure thresholds under U.S. GAAP and IFRSs will continue to differ.

**Next Steps:** The ASU is effective for annual periods ending after December 15, 2016, and interim periods thereafter; early adoption is permitted.

**Other Resources:** Deloitte's August 28, 2014, [Heads Up](#). Also see the [press release](#) and [FASB in Focus](#) newsletter on the FASB's Web site. ●

## Investment Companies

### FASB Issues Proposed ASU on Investment-Company Disclosures\*

**Affects:** All entities.

**Summary:** On December 4, 2014, the FASB issued a [proposed ASU](#) that would amend ASC 946 to clarify the scope of current U.S. GAAP disclosure requirements related to an investment company's investments in other investment companies. The proposed amendments "would require a feeder fund in a master-feeder arrangement to provide the master fund's financial statements along with its financial statements."

Further, the proposal “would expand the scope of the current requirement to disclose certain information about investments held by investee funds that exceed 5 percent of the reporting entity’s net assets to include reporting investment companies that are regulated under the Investment Company Act of 1940.”

**Next Steps:** Comments on the proposed ASU are due by February 17, 2015. ●

## Investments

### FASB Issues ASU on Investments in Qualified Affordable Housing Projects

**Affects:** All entities.

**Summary:** On January 15, 2014, the FASB issued [ASU 2014-01](#) in response to the EITF’s final consensus on Issue 13-B. The ASU amends ASC 323-740 to (1) simplify the amortization method an entity uses and (2) modify the criteria that must be met before an entity can elect to use ASC 323-740’s measurement and presentation alternative, including the simplified amortization method, for certain investments in qualified affordable housing projects. This alternative permits the entity to present the investment’s performance net of the related tax benefits as part of income tax expense.

**Next Steps:** ASU 2014-01 is effective for public business entities for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2014. For entities that are not public business entities, the ASU’s guidance is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted for all entities.

**Other Resources:** Deloitte’s January 21, 2014, [journal entry](#) and November 2013 [EITF Snapshot](#). ●

## Private Companies

### FASB Issues Alternative Private-Company Guidance on Consolidation

**Affects:** Private companies.

**Summary:** On March 20, 2014, the FASB issued [ASU 2014-07](#), under which a private-company lessee (reporting entity) can elect not to apply the VIE guidance in ASC 810 to a lessor entity under common control if the following criteria are met:

- The “private company lessee and the lessor entity are under common control.”
- The “private company lessee has a leasing arrangement with the lessor entity.”
- “[S]ubstantially all of the activities between the private company lessee and the lessor entity are related to the leasing activities (including supporting leasing activities) between those two entities.”
- “[I]f the private company lessee explicitly guarantees or provides collateral for any obligation of the lessor entity related to the asset leased by the private company, then the principal amount of the obligation at inception of such guarantee or collateral arrangement does not exceed the value of the asset leased by the private company from the lessor entity.”

In addition, a private company that elects the alternative would, instead of providing VIE disclosures, be required to disclose “(1) the amount and key terms of liabilities recognized by the lessor entity that expose the private company lessee to providing financial support to the lessor entity and (2) a qualitative description of circumstances not recognized in the financial statements of the lessor entity that expose the private company lessee to providing financial support to the lessor entity.”

**Next Steps:** The guidance in ASU 2014-07 is effective for annual reporting periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted. Entities that elect the alternative would use a full retrospective approach to apply it.

**Other Resources:** For more information, see the [press release](#) and [FASB in Focus](#) newsletter on the FASB’s Web site. ●

## FASB Issues Alternative Private-Company Guidance on Goodwill and Interest Rate Swaps

**Affects:** Private companies.

**Summary:** On January 16, 2014, the FASB issued [ASU 2014-02](#) and [ASU 2014-03](#), which provide alternative private-company guidance, respectively, on (1) goodwill and (2) interest rate swaps. ASU 2014-02 offers private companies a simplified goodwill accounting alternative that alleviates the costs and complexities associated with the goodwill impairment test under ASC 350. The ASU explains that during outreach performed by the PCC, “users of private company financial statements indicated that the goodwill impairment test performed today provides limited decision-useful information because most users of private company financial statements generally disregard goodwill and goodwill impairment losses in their analysis of a private company’s financial condition and operating performance.” Under ASU 2014-02, private companies can elect simplified accounting for the following:

- *Amortization of goodwill* — Private companies are allowed to amortize goodwill on a straight-line basis over a useful life of (1) 10 years or (2) less than 10 years if it can be demonstrated that a shorter useful life is more appropriate.
- *Frequency of impairment testing* — Private companies only need to test goodwill for impairment when a triggering event occurs rather than having to perform the test annually.
- *Method of impairment testing* — Private companies can elect, as an accounting policy, to test goodwill for impairment at either the entity level or the reporting-unit level. In addition, ASU 2014-02 eliminates step 2 of the goodwill impairment test; as a result, private companies that elect the simplified goodwill accounting alternative would measure goodwill impairment as the excess of the entity’s (or reporting unit’s) carrying amount over its fair value (i.e., by using the measurement in step 1 of the goodwill impairment test under ASC 350-20).

ASU 2014-03 allows private companies that are not financial institutions to apply, in certain circumstances, a simplified hedge accounting method to hedging relationships involving variable-rate debt and a pay-fixed, receive-floating interest rate swap. The simplified approach assumes no hedge ineffectiveness in the hedging relationship, thereby resulting in an income statement impact similar to what would have occurred had the private company simply entered into a fixed-rate borrowing. In addition, the simplified hedge accounting approach:

- Allows private companies to measure the hedging interest rate swap at its settlement value rather than at fair value.
- Gives private companies more time to establish hedge documentation.
- Provides certain private companies with relief from certain fair value measurement disclosure requirements.

To qualify for the simplified hedge accounting approach, the hedging relationship must meet all of the following criteria:

- “Both the variable rate on the swap and the borrowing are based on the same index and reset period” (e.g., the rate on the swap and the debt are both three-month LIBOR). The ASU clarifies that the index need not be a benchmark interest rate described in ASC 815-20-25-6A.
- “The terms of the swap are typical . . . and there is no floor or cap on the variable interest rate of the swap unless the borrowing has a comparable floor or cap.” The ASU indicates that “typical” means “plain vanilla.”
- “The repricing and settlement dates for the swap and the borrowing match or differ by no more than a few days.”
- “The swap’s fair value at inception (that is, at the time the derivative was executed . . . ) is at or near zero.”
- “The notional amount of the swap matches the principal amount of the borrowing being hedged,” which “may be less than the total principal amount of the borrowing.”

- “All interest payments occurring on the [hedged portion of the] borrowing during the term of the swap (or the effective term of the swap underlying the forward starting swap) are designated as hedged.”

**Next Steps:** The accounting alternative in ASU 2014-02, if elected, should be applied prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early application is permitted, including application to any period for which the entity’s annual or interim financial statements have not yet been made available for issuance.

ASU 2014-03 is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015; early adoption is permitted. Private companies have the option of applying the amendments in this ASU by using either a modified retrospective approach or a full retrospective approach.

**Other Resources:** Deloitte’s January 27, 2014, [Heads Up](#). ●

## Pushdown Accounting

### FASB Issues ASU on Pushdown Accounting; SEC Rescinds SAB Topic in Response

**Affects:** All entities.

**Summary:** On November 18, 2014, the FASB issued [ASU 2014-17](#) in response to the final consensus on Issue 12-F reached by the EITF at its September 2014 meeting. The ASU gives an acquired entity the option of applying pushdown accounting in its stand-alone financial statements upon a change-in-control event.

In a related development, the SEC has [rescinded](#) SAB Topic 5.J, which contained the SEC staff’s views on how an SEC registrant should apply pushdown accounting. Thus, all entities — regardless of whether they are SEC registrants — will now apply the guidance in ASU 2014-17.

The ASU became effective upon issuance.

**Other Resources:** Deloitte’s September 2014 [EITF Snapshot](#). ●

## Receivables

### FASB Issues Guidance Related to Mortgage Loans

**Affects:** All entities.

**Summary:** On January 17, 2014, the FASB issued [ASU 2014-04](#) in response to the EITF’s final consensus on Issue 13-E. The ASU amends ASC 310 to clarify when an entity is considered to have obtained physical possession (from an in-substance possession or foreclosure) of a residential real estate property collateralizing a consumer mortgage loan. Upon physical possession of such real estate property, an entity is required to reclassify the nonperforming mortgage loan to other real estate owned.

Further, on August 8, 2014, the FASB issued [ASU 2014-14](#) in response to the EITF’s final consensus on Issue 13-F. The ASU requires creditors to reclassify a mortgage loan as an other receivable that is separate from loans and to measure the receivable at the fixed or determinable amount expected to be received under the government guarantee if, upon foreclosure, the mortgage loan meets the following conditions:

- “The loan has a government guarantee that is not separable from the loan before foreclosure.”
- The creditor has both the intent and ability to recover a fixed or determinable amount under the guarantee by conveying the property to the guarantor at the time of foreclosure.
- The amount of the claim that is determined on the basis of the fair value of the real estate is fixed at the time of foreclosure.

**Next Steps:** ASU 2014-04 is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For entities that are not public business entities, the ASU's guidance is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted.

ASU 2014-14 is effective for public business entities for reporting periods (including interim periods) beginning after December 15, 2014. For all other entities, the guidance is effective for annual reporting periods ending after December 15, 2015, and interim and annual periods thereafter. Early adoption is permitted if the reporting entity has already adopted ASU 2014-04. In addition, all entities must adopt the guidance by using the same transition method they apply when adopting ASU 2014-04 (i.e., by using either a modified retrospective approach or a prospective approach).

**Other Resources:** Deloitte's [November 2013](#) and [June 2014 EITF Snapshot](#) newsletters. ●

## Repurchase Agreements

### FASB Makes Limited Amendments to Guidance on Repurchase Accounting

**Affects:** All entities.

**Summary:** On June 12, 2014, the FASB issued [ASU 2014-11](#), which makes limited amendments to the guidance in ASC 860 on accounting for certain repurchase agreements ("repos"). The ASU (1) requires entities to account for repurchase-to-maturity transactions as secured borrowings (rather than as sales with forward repurchase agreements), (2) eliminates accounting guidance on linking repurchase financing transactions, and (3) expands disclosure requirements related to certain transfers of financial assets that are accounted for as sales and certain transfers (specifically, repos, securities lending transactions, and repurchase-to-maturity transactions) that are accounted for as secured borrowings. In addition, the ASU provides examples of repurchase and securities lending arrangements that illustrate whether a transferor has maintained effective control over the transferred financial assets.

**Next Steps:** For public business entities, the accounting changes in the ASU are effective for the first interim or annual period beginning after December 15, 2014. For all other entities, the accounting changes are effective for annual periods beginning after December 15, 2014, and interim periods beginning after December 15, 2015. Early application for a public business entity is prohibited; however, all other entities may elect to apply the requirements for interim periods beginning after December 15, 2014.

**Other Resources:** Deloitte's June 19, 2014, [Heads Up](#). Also see the [press release](#) on the FASB's Web site. ●

## Revenue Recognition

### FASB and IASB Issue Final Standard on Revenue From Contracts With Customers

**Affects:** All entities.

**Summary:** On May 28, 2014, the FASB and IASB issued their final standard on revenue from contracts with customers. The standard, issued as [ASU 2014-09](#) by the FASB and as [IFRS 15](#) by the IASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance.

The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." In applying the revenue model to contracts within its scope, an entity:

- Identifies the contract(s) with a customer (step 1).
- Identifies the performance obligations in the contract (step 2).
- Determines the transaction price (step 3).
- Allocates the transaction price to the performance obligations in the contract (step 4).
- Recognizes revenue when (or as) the entity satisfies a performance obligation (step 5).

The ASU applies to all contracts with customers except those that are within the scope of other topics in the *FASB Accounting Standards Codification*. Certain of the ASU's provisions also apply to transfers of nonfinancial assets, including in-substance nonfinancial assets that are not an output of an entity's ordinary activities (e.g., sales of (1) property, plant, and equipment; (2) real estate; or (3) intangible assets). Existing accounting guidance applicable to these transfers (e.g., ASC 360-20) has been amended or superseded. Compared with current U.S. GAAP, the ASU also requires significantly expanded disclosures about revenue recognition.

**Next Steps:** For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Early adoption is not permitted (however, early adoption is optional for entities reporting under IFRSs).

For nonpublic entities, the ASU is effective for annual reporting periods beginning after December 15, 2017, and interim reporting periods within annual reporting periods beginning after December 15, 2018. Nonpublic entities may also elect to apply the ASU as of (1) the same effective date as that for public entities (annual reporting periods beginning after December 15, 2016, including interim periods); (2) annual periods beginning after December 15, 2016 (excluding interim reporting periods); or (3) annual periods beginning after December 15, 2017 (including interim reporting periods).

**Other Resources:** Deloitte's May 28, 2014, [Heads Up](#). Also see the [press release](#) on the FASB's Web site. ●

## Service Concessions

### FASB Issues ASU on Service Concession Arrangements

**Affects:** All entities.

**Summary:** On January 23, 2014, the FASB issued [ASU 2014-05](#) in response to the EITF's final consensus on Issue 12-H. The ASU specifies that service concession arrangements within the ASU's scope (1) should not be accounted for as leases under ASC 840 and (2) do not constitute property, plant, and equipment for recognition purposes. Entities should look to other Codification topics for guidance on accounting for different elements in a service concession contract (e.g., ASC 605's guidance on recognizing revenue resulting from performance by the operating entity under a service concession contract).

**Next Steps:** ASU 2014-05 is effective for public business entities for fiscal years beginning after December 15, 2014, and interim periods therein. For other entities, the ASU is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted.

**Other Resources:** Deloitte's November 2013 [EITF Snapshot](#). ●

## Stock Compensation

### FASB Issues ASU on Share-Based Payment Awards With Performance Targets That Are Attainable After the Requisite Service Period

**Affects:** All entities.

**Summary:** On June 19, 2014, the FASB issued [ASU 2014-12](#) in response to the EITF's final consensus on Issue 13-D. The ASU clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. Therefore, an entity would not record compensation expense (measured as of the grant date without taking into account the effect of the performance target) related to an award for which transfer to the employee is contingent on the entity's satisfaction of a performance target until it becomes probable that the performance target will be met. The ASU does not contain any new disclosure requirements.

**Next Steps:** The ASU is effective for all entities for reporting periods (including interim periods) beginning after December 15, 2015. Early adoption is permitted. In addition, all entities will have the option of applying the guidance either prospectively (i.e., only to awards granted or modified on or after the effective date

of the Issue) or retrospectively. Retrospective application would only apply to awards with performance targets outstanding at or after the beginning of the first annual period presented (i.e., the earliest presented comparative period).

**Other Resources:** Deloitte's March 2014 [EITF Snapshot](#). ●

## Technical Corrections

### FASB Makes Technical Corrections to Codification

**Affects:** All entities.

**Summary:** On March 14, 2014, the FASB issued [ASU 2014-06](#), which makes certain technical corrections (i.e., minor improvements and clarifications) to the Master Glossary of the *FASB Accounting Standards Codification*. The amendments include the following:

- Deletion of terms that were carried over from superseded literature (e.g., FASB Statements, EITF Issues) but are not used in the Codification.
- Addition to the Master Glossary of links that were not carried forward to the Codification.
- Elimination of duplicate terms.

The amendments became effective upon issuance. ●

## International

### IASB Publishes Amendments Related to the Application of the Investment Entities Exception\*

**Affects:** Entities reporting under IFRSs.

**Summary:** On December 18, 2014, the IASB issued amendments to clarify the application of the consolidation exception for investment entities. Key provisions of the amendments include the following:

- *Exemption from preparing consolidated financial statements* — The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- *A subsidiary providing services related to the parent's investment activities* — A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- *A noninvestment-entity investor's application of the equity method to an investment entity investee* — When applying the equity method to an associate or a joint venture, a noninvestment-entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- *Disclosures required* — An investment entity measuring all of its subsidiaries at fair value provides the investment-entity disclosures required by IFRS 12.

**Next Steps:** The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

**Other Resources:** For more information, see the [press release](#) on the IASB's Web site. ●

## IASB Amends IFRS Presentation and Disclosure Requirements\*

**Affects:** Entities reporting under IFRSs.

**Summary:** On December 18, 2014, the IASB issued amendments to IAS 1 as part of its Disclosure Initiative (i.e., a project to improve the presentation and disclosure principles and requirements in existing IFRSs). Key provisions of the amendments include the following.

- *Materiality*— Clarify that (1) entities should not obscure information by aggregating or providing immaterial information and (2) materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
- *Statement of financial position and statement of profit or loss and other comprehensive income*— Explain that (1) the list of line items to be presented in these statements can be disaggregated and aggregated as relevant (guidance on subtotals in these statements is added) and (2) an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in the aggregate as a single line item according to whether the share will subsequently be reclassified as profit or loss.
- *Notes*— Add examples of possible ways to arrange the notes to clarify that entities should consider understandability and comparability when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples related to the identification of significant accounting policies that were perceived as potentially unhelpful.

**Next Steps:** The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

**Other Resources:** For more information, see the [press release](#) on the IASB's Web site.

## IASB Concludes the 2012–2014 Annual Improvements Cycle

**Affects:** Entities reporting under IFRSs.

**Summary:** On September 25, 2014, the IASB issued a series of amendments to IFRSs as part of its 2012–2014 annual improvements cycle. The objective of the IASB's annual improvements projects is to "make necessary, but non-urgent, amendments to IFRSs if those amendments will not be included as part of any other project." The amendments affect the following standards:

- *IFRS 5*— Guidance is added regarding (1) reclassification of an asset from held for sale to held for distribution or vice versa and (2) discontinuation of held-for-distribution accounting.
- *IFRS 7 (with consequential amendments to IFRS 1)*— These amendments clarify (1) whether a servicing contract constitutes continuing involvement in transferred financial assets "for the purposes of the transfer disclosure requirements" and (2) the applicability of the IFRS 7 amendments on offsetting disclosures to condensed interim financial statements.
- *IAS 19*— These amendments indicate that the high-quality corporate bonds that an entity uses in estimating the discount rate for postemployment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high-quality corporate bonds should be assessed at currency level).
- *IAS 34*— The meaning of "elsewhere in the interim report" is explained and a cross-reference is required.

**Next Steps:** The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

**Other Resources:** For more information, see the [press release](#) on the IASB's Web site. Also see Deloitte's September 25, 2014, *IFRS in Focus* newsletter. ●

## IASB Amends Guidance on Sales or Contributions of Assets Between an Investor and Its Associate or Joint Venture

**Affects:** Entities reporting under IFRSs.

**Summary:** On September 11, 2014, the IASB issued amendments to resolve an inconsistency between the guidance in IFRS 10 and that in IAS 28 with respect to “the sale or contribution of assets between an investor and its associate or joint venture.” Under the amendments, an entity would recognize a full gain or loss “when a transaction involves a business (whether it is housed in a subsidiary or not)” and would recognize a partial gain or loss “when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.”

**Next Steps:** The amendments are effective for annual periods beginning on or after January 1, 2016.

**Other Resources:** For more information, see the [press release](#) on the IASB’s Web site. ●

## IASB Amends Guidance on Separate Financial Statements

**Affects:** Entities reporting under IFRSs.

**Summary:** On August 12, 2014, the IASB issued amendments to IAS 27 that permit “entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.” The amendments are expected to “help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors.”

**Next Steps:** The amendments will become effective on January 1, 2016. Early adoption is permitted.

**Other Resources:** For more information, see the [press release](#) on the IASB’s Web site. ●

## IASB Finalizes Standard on Financial Instruments, Including New Expected-Loss Impairment Guidance

**Affects:** Entities reporting under IFRSs.

**Summary:** On July 24, 2014, the IASB issued a final version of IFRS 9, which represents the completion of the IASB’s project to improve the accounting for financial instruments and replace IAS 39. The new standard substantially revises IFRS guidance on classification and measurement, including impairment, as well as hedge accounting. In addition, unlike IAS 39, under which impairment is based on incurred losses, the new impairment model in IFRS 9 (2014) is based on expected losses. The impairment model applies to amortized-cost financial assets and financial assets in IFRS 9’s new FVTOCI category as well as to loan commitments, financial guarantees, lease receivables, and contract assets.

**Next Steps:** The new standard will become effective on January 1, 2018. Early adoption is permitted.

**Other Resources:** Deloitte’s August 8, 2014, [Heads Up](#). Also see the [press release](#) on the IASB’s Web site. ●

## IASB Amends Guidance on Bearer Plants

**Affects:** Entities reporting under IFRSs.

**Summary:** On June 30, 2014, the IASB issued amendments to the guidance on bearer plants in IAS 16 and IAS 41. Specifically, bearer plants would be included within the scope of IAS 16 rather than IAS 41 because the IASB has determined that they “should be accounted for in the same way as property, plant and equipment.”

**Next Steps:** The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

**Other Resources:** For more information, see the [press release](#) on the IASB’s Web site. ●

## IASB Amends Guidance on Intangible Assets and Property, Plant, and Equipment

**Affects:** Entities reporting under IFRSs.

**Summary:** On May 12, 2014, the IASB issued a set of amendments to IAS 38 (intangible assets) and IAS 16 (property, plant, and equipment). The amendments clarify that:

- “[T]he use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.”
- “[R]evenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.”

**Next Steps:** The amendments are effective prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

**Other Resources:** For more information, see the [project page](#) on the IASB’s Web site and the May 2014 *IFRS in Focus* newsletter on Deloitte’s *IASPlus* Web site. ●

## IASB Amends Guidance on Joint Arrangements

**Affects:** Entities reporting under IFRSs.

**Summary:** On May 6, 2014, the IASB issued amendments to the guidance on joint arrangements in IFRS 11. The amendments address how an entity should account for an “acquisition of an interest in a joint operation that constitutes a business.”

**Next Steps:** The amendments are effective prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

**Other Resources:** For more information, see the [press release](#) on the IASB’s Web site and the May 2014 *IFRS in Focus* newsletter on Deloitte’s *IASPlus* Web site. ●

## IASB Issues Interim IFRS on Rate-Regulated Activities

**Affects:** Entities reporting under IFRSs.

**Summary:** On January 30, 2014, the IASB issued IFRS 14, which will serve as an interim standard on rate-regulated activities while the IASB works on its longer-term project on this topic. IFRS 14 allows entities that are first-time adopters of IFRSs, and that currently recognize regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRSs.

**Next Steps:** IFRS 14 will become effective on January 1, 2016. Early adoption is permitted.

**Other Resources:** For more information, see the [press release](#) on the IASB’s Web site. ●

## Accounting — Other Key Developments

### FAF

#### FAF Publishes Working Draft of Strategic Plan\*

**Affects:** All entities.

**Summary:** On December 4, 2014, the FAF published a [working draft](#) of a strategic plan for itself, the FASB, and the GASB. The plan details the three agencies’ long-term goals, including their collective mission to create high-quality accounting standards that will result in the reporting of relevant, transparent information to shareholders and other financial statement users.

**Next Steps:** Interested parties can provide feedback on the working draft by sending an e-mail to [strategic.plan@f-a-f.org](mailto:strategic.plan@f-a-f.org).

**Other Resources:** For more information, see the [plan page](#) on the FAF’s Web site. ●

## Revenue

### FASB and IASB Establish Joint Revenue Transition Resource Group; FASB Announces Outreach Plan to Assess Effective Date of New Revenue Guidance\*

**Affects:** All entities.

**Summary:** On July 18, 2014, the FASB and IASB joint revenue TRG held its inaugural meeting. The purpose of the TRG is to seek feedback on potential issues related to implementing the new revenue standard (issued as [ASU 2014-09](#) by the FASB and as [IFRS 15](#) by the IASB). By analyzing and discussing potential implementation issues, the TRG will help the boards determine whether they need to take additional action, such as providing clarification or issuing other guidance. The TRG comprises financial statement preparers, auditors, and users from “a wide spectrum of industries, geographical locations and public and private companies and organizations.”

Topics discussed at the July meeting included:

- Determining whether an entity offering Internet-related intangible goods and service arrangements is a principal or an agent.
- Determining whether certain amounts billed to customers should be presented as revenue or as a reduction of costs.
- Sales- and usage-based royalties in contracts with licenses and goods or services other than licenses.
- Inclusion of renewal periods for impairment testing of capitalized contract costs.

The TRG also met on October 31, 2014, and discussed the following five topics:

- Customer options for additional goods and services and nonrefundable up-front fees.
- Presentation of contract assets and contract liabilities.
- Determining the nature of a license of intellectual property.
- Determining whether goods or services are “distinct in the context of the contract.”
- Evaluating the duration of a contract with termination clauses.

In addition, at the October meeting, FASB Vice Chairman James Kroeker announced that the Board and staff plan to conduct further outreach with both public and private companies over the next several months to gauge their progress in preparing to implement the guidance in ASU 2014-09. Mr. Kroeker emphasized that the Board is considering whether to defer the effective date of the new revenue guidance and noted that a decision will be made no later than the second quarter of 2015.

**Next Steps:** The next TRG meeting is scheduled for January 26, 2015.

**Other Resources:** Deloitte’s [July 2014](#) and [October 2014 TRG Snapshot](#) newsletters. Also see the [press release](#) on the FASB’s Web site. ●

## XBRL

### FASB Releases 2015 U.S. GAAP Financial Reporting Taxonomy\*

**Affects:** All entities.

**Summary:** On December 18, 2014, the FASB released its [2015 U.S. GAAP Financial Reporting Taxonomy](#), “a list of computer-readable tags in XBRL that allows companies to tag precisely the thousands of pieces of financial data that are included in typical long-form financial statements and related footnote disclosures.” The 2015 version of the taxonomy “contains updates for accounting standards and other improvements to the 2014 Taxonomy currently used by SEC issuers.”

**Next Steps:** The taxonomy will officially become available after it is approved by the SEC.

**Other Resources:** For more information, see the [press release](#) on the FASB’s Web site. ●

## International

### IASB Announces Transition Resource Group for Financial Instrument Impairment

**Affects:** Entities reporting under IFRSs.

**Summary:** On August 22, 2014, the IASB announced that it has created an impairment transition resource group (ITG) to address implementation issues that have arisen as a result of the new impairment requirements in IFRS 9 (released in July 2014). In addition to establishing a forum in which stakeholders can discuss such issues, the ITG will inform the IASB about potential ways it can reduce diversity in practice.

**Other Resources:** For more information, see the [press release](#) on the IASB's Web site. ●

### IASB Releases Charter Affirming Standard-Setting Cooperation

**Affects:** All entities.

**Summary:** On May 7, 2014, the IASB issued a [charter](#) that establishes principles under which the IASB will cooperate with other IFASS-participating standard setters in developing and maintaining high-quality global accounting standards. Remarking on the charter's significance, IASB Chairman Hans Hoogervorst noted, "Input from the wider standard-setting community is central to our standard-setting and implementation activities, and is increasingly helpful to the IASB as we expand our research-based agenda, drawing on the expertise of our global stakeholders."

**Other Resources:** For more information, see the [press release](#) on the IASB's Web site. ●

### IFRS Foundation Releases 2014 IFRS Taxonomy

**Affects:** Entities reporting under IFRSs.

**Summary:** On March 5, 2014, the IASB issued the 2014 version of its [IFRS taxonomy](#), which is "a translation of [IFRSs] into [XBRL]." The taxonomy "is consistent with IFRS as issued by the [IASB] at 1 January 2014, including Standards published but not yet effective at that date."

**Other Resources:** For more information, see the [press release](#) on the IASB's Web site. ●

## Auditing Developments

### AICPA

#### AICPA Clarifies and Recodifies SSARSs

**Affects:** Entities that perform accounting and review services.

**Summary:** In October 2014, the AICPA issued [SSARS 21](#), which supersedes all AR sections in the AICPA's *Professional Standards* except for AR Section 120 (which is expected to be revised in 2015). SSARS 21 is part of the AICPA's ARSC Clarity Project "to clarify and revise the existing standards for reviews, compilations, and engagements to prepare financial statements" and comprises the following four sections:

- *AR-C Section 60* — Contains "the general principles for engagements performed in accordance with SSARSs."
- *AR-C Section 70* — Prescribes requirements for engagements in which financial statements are prepared.
- *AR-C Section 80* — Includes guidance on compilation engagements.
- *AR-C Section 90* — Generally consists of a redraft of SSARS 19 "with few changes" and includes requirements for review engagements.

**Next Steps:** SSARS 21 "is effective for reviews, compilations, and engagements to prepare financial statements for periods ending on or after December 15, 2015." Early adoption is permitted.

**Other Resources:** For more information, see the [executive summary](#) of SSARS 21 on the AICPA's Web site. ●

## AICPA Amends Guidance on Comfort Letters

**Affects:** Auditors that issue comfort letters.

**Summary:** On July 28, 2014, the AICPA issued [SAS 129](#), which amends the guidance in SAS 122 (AU-C Section 920) on letters for underwriters and other requesting parties (also known as “comfort letters”). The amendments clarify and amend certain of the requirements auditors must comply with when issuing comfort letters “to requesting parties in connection with a nonissuer entity’s financial statements included in a registration statement or other securities offerings.”

**Next Steps:** SAS 129 is effective for comfort letters issued on or after December 15, 2014. Early implementation is encouraged. ●

## AICPA Issues Technical Practice Aids on Auditing Issues Related to Private-Company Accounting Alternatives

**Affects:** Private companies and their auditors.

**Summary:** In March and April 2014, the AICPA released the following TPAs that provide nonauthoritative guidance on auditing issues related to private-company accounting alternatives:

- *TIS Sections 9150.34 and 9160.30* — Address potential modifications to an accountant’s compilation or review report or an auditor’s report when a previously issued report has changed as a result of a client’s adoption of the private-company consolidation guidance in ASU 2014-07.
- *TIS Sections 9150.32–.33 and 9160.29* — Discuss how the private-company alternatives in the FASB’s ASUs 2014-02 and 2014-03 “might affect a compilation, review, or audit engagement and related reports.”

**Other Resources:** See Deloitte’s March 21, 2014, [journal entry](#) for more information about the FASB’s and PCC’s alternative consolidation requirements for private companies and Deloitte’s January 27, 2014, [Heads Up](#) for a discussion of the simplified approaches to goodwill and hedging. ●

## AICPA Issues SAS on Using the Work of Internal Auditors

**Affects:** Public entities and their auditors.

**Summary:** On February 17, 2014, the AICPA issued [SAS 128](#), which outlines responsibilities for external auditors who are using the work of internal auditors. SAS 128 supersedes SAS 65 (AU-C Section 610) and amends SQCS 8 and various sections of SAS 122.

Although the guidance in SAS 128 is aligned with that in its international equivalent, ISA 610, some “differences in objectives, definitions, or requirements” remain, and the ASB has made changes “to tailor examples and guidance to be more appropriate to the U.S. environment.”

**Next Steps:** SAS 128 is effective for financial statement audits for periods ending on or after December 15, 2014. ●

## AICPA Issues Q&As on Conflict Minerals Report

**Affects:** Public entities and their auditors.

**Summary:** In January 2014, the AICPA issued a set of [Q&As](#) related to the conflict minerals report (CMR). Topics covered in the Q&As include:

- The purpose of the independent private-sector audit (IPSA).
- Whether the part of the CMR that is subject to an IPSA can be evaluated “against criteria that are suitable and available to users.”
- Evaluation of CMR-related matters that are outside the IPSA’s scope.
- Sample IPSA procedures.
- CPE GAGAS requirements for auditors performing an IPSA of a CMR. ●

## CAQ

### CAQ Issues Alert Highlighting Key Audit Risks for 2014\*

**Affects:** Auditors of public entities.

**Summary:** On December 4, 2014, the CAQ issued an [alert](#) highlighting certain considerations that “may be relevant for the 2014 audit cycle.” The alert focuses on particularly complex aspects of auditing that may involve significant judgment (e.g., those that have been subject to recent regulatory scrutiny), including revenue and going-concern considerations; ICFR; auditing accounting estimates, including fair value measurements; engagement quality reviews; professional skepticism; and related parties and amendments to certain PCAOB standards with respect to significant unusual transactions.

**Other Resources:** For more information, see the [press release](#) on the CAQ’s Web site. ●

### CAQ and Audit Analytics Release *Audit Committee Transparency Barometer*\*

**Affects:** Auditors of public entities.

**Summary:** On December 2, 2014, the CAQ, in coordination with Audit Analytics, released an [Audit Committee Transparency Barometer](#), which summarizes the two organizations’ findings from their comprehensive analysis of proxy-statement disclosures provided by audit committees of various S&P composite companies during 2014. The purpose of the publication is to assess the substance of these disclosures with respect to “certain key areas, including auditor oversight and audit committee scope of duties.” The information gained from this assessment “will serve as a baseline reference point measurement for reporting by companies in these indices in future proxy seasons.”

**Other Resources:** For more information, see the [press release](#) on the CAQ’s Web site.

### CAQ and AICPA Jointly Issue Member Alert on Independence

**Affects:** Auditors of public entities.

**Summary:** On November 19, 2014, the CAQ and AICPA jointly issued a [member alert](#) that summarizes the SEC’s and PCAOB’s independence rules for audit firms that perform audit and attestation engagements for certain nonissuers, including (1) SEC-registered broker-dealers and (2) SEC- or state-registered private funds, investment advisers, or related-party custodians for whom an engagement “is subject to the requirements of SEC Rule 206(4)-2” (also known as the “custody rule”). Topics discussed in the alert include the following:

- Applicability of SEC’s and PCAOB’s independence rules.
- Prohibition of certain bookkeeping and financial statement preparation services under the independence rules.
- Other engagements that are subject to the SEC’s or PCAOB’s independence rules (i.e., engagements that are not subject to the custody rule.

**Other Resources:** For more information, see the [press release](#) on the CAQ’s Web site. ●

### CAQ Releases Judgment Resource

**Affects:** Auditors.

**Summary:** On August 27, 2014, the CAQ issued a [Professional Judgment Resource](#), which is “designed to provide auditors with an example of a decision-making process to facilitate important auditing and accounting judgments in a professionally skeptical manner.” The document is being issued in response to concerns regarding auditors’ treatment of subjective and challenging matters, including increasingly complex business transactions, principles-based standards, and estimates.

**Other Resources:** For more information, see the [press release](#) on the CAQ’s Web site. ●

## CAQ Issues Alert on Cybersecurity

**Affects:** Public entities and their auditors.

**Summary:** On March 21, 2014, the CAQ issued an [alert](#) that summarizes the external independent auditor's responsibilities related to cybersecurity. The alert notes that cybersecurity is no longer a topic that applies only to IT professionals but has become a "broader business issue." According to CAQ Executive Director Cindy Fornelli, "All players in the financial reporting supply chain, including of course independent auditors, have an important role to play" in enhancing cybersecurity.

**Other Resources:** For more information, see the [press release](#) on the CAQ's Web site. ●

## PCAOB

### PCAOB Publishes Strategic Plan for 2014–2018\*

**Affects:** All entities.

**Summary:** On November 25, 2014, the PCAOB published its [strategic plan](#) for 2014–2018, which details the progress the Board has made since the previous plan update in November 2013 and outlines new objectives and strategies for the upcoming five-year period. Specific objectives of the plan include:

- Expanding "the use of data, information technology and economic analysis."
- Additional incorporation of "economic analysis into the PCAOB's standard setting and other rulemaking."
- Continuing expansion of "the scope of information and analysis in the interim broker-dealer audit inspection program while working to establish the permanent program."
- Further monitoring of "the ongoing pressures facing the global economy and the fiscal restrictions that are impacting public entities."
- Revision of "objectives and strategies relating to human resources, finance and facilities."

The PCAOB's 2014–2018 strategic plan is the foundation for its [2015 budget](#), which is subject to SEC approval.

**Other Resources:** For more information, see the [press release](#) on the PCAOB's Web site. ●

### PCAOB Issues FAQs on Funding Rules for Broker-Dealers

**Affects:** Broker-dealers.

**Summary:** On October 29, 2014, the PCAOB issued a series of [FAQs](#) on certain topics related to the Board's [funding rules](#) for broker-dealers. The FAQs are divided into four categories: (1) general questions, (2) payment, (3) broker-dealer-specific queries, and (4) outstanding balance status. ●

### PCAOB Issues Staff Audit Practice Alerts on Revenue and Going Concern

**Affects:** Registered public accounting firms.

**Summary:** In September 2014, the PCAOB issued the following two staff audit practice alerts:

- [Matters Related to Auditing Revenue in an Audit of Financial Statements](#) — Highlights the revenue auditing requirements under the PCAOB's standards in light of the significant deficiencies in this area that the Board has observed in its inspections of audit firms.
- [Matters Related to the Auditor's Consideration of a Company's Ability to Continue as a Going Concern](#) — Indicates that "auditors should continue to look to the existing requirements in [AU Section 341] when evaluating whether substantial doubt regarding the company's ability to continue as a going concern exists for purposes of determining whether the auditor's report should be modified to include an explanatory paragraph regarding going concern."

**Other Resources:** For more information, see the [September 9](#) and [September 22](#) press releases on the PCAOB's Web site. ●

**Affects:** Registered public accounting firms.

**Summary:** On August 18, 2014, the PCAOB issued its [third progress report](#) on its interim inspection program for auditors of broker-dealers, which addresses “audit deficiencies and independence findings” the PCAOB discovered in audit firm inspections it conducted during 2013. The deficiencies noted by the PCAOB primarily concerned “financial statement audit areas, including auditing revenue recognition, the auditor’s response to the risk of material misstatement due to fraud, and audit procedures to rely on records and reports from service organizations, as well as areas specific to the audits of broker-dealers, including auditing the net capital computation and the audit work performed for the auditor’s report on material inadequacies.”

**Other Resources:** For more information, see the [press release](#) on the PCAOB’s Web site. ●

## PCAOB Issues Staff Guidance for Auditors of Broker-Dealers

**Affects:** Auditors of broker-dealers.

**Summary:** On June 26, 2014, the PCAOB issued [staff guidance](#) to help auditors of SEC-registered brokers and dealers plan and perform audits in accordance with the (1) significant provisions of SEC Rule 17a-5 and (2) PCAOB standards and rules applicable to audits of broker-dealers.

**Other Resources:** For more information, see the [press release](#) on the PCAOB’s Web site. ●

## PCAOB Issues Auditing Standard on Related Parties

**Affects:** Registered public accounting firms.

**Summary:** On June 10, 2014, the PCAOB issued a [release](#) (subsequently [approved](#) by the SEC on October 21, 2014) containing a new auditing standard on related parties as well as amendments to PCAOB auditing standards on significant unusual transactions, executive compensation, and other matters. The new guidance supersedes PCAOB AU Sections 334 and 9334 and is the result of modifications made by the PCAOB to a [reproposed standard](#) (issued on May 7, 2013) on the basis of comment-letter feedback and a discussion at the May 15, 2013, Standing Advisory Group meeting.

The release notes that the new standard establishes “basic required procedures that are supplemented by more in-depth procedures” that would be performed on the basis of the auditor’s judgment and would therefore allow the requirements to be scaled to the facts and circumstances of the audit. The new standard carries forward much of the content from the reproposed standard. In certain circumstances, however, the Board made revisions to “clarify and refine various aspects” of the new standard. For example, the Board (1) included additional examples of others in the company to whom an auditor may direct inquiries about related parties and (2) refined the new standard to prominently emphasize that the auditor’s responsibility for the identification of related parties includes testing the accuracy and completeness of the company’s identification of its related parties and relationships and transactions with its related parties (taking into account information already gathered during the audit).

The CAQ has recently issued a [statement](#) supporting the new PCAOB standard. In the words of CAQ Executive Director Cindy Fornelli, “The CAQ continues to support the PCAOB’s efforts to improve audit quality through strengthening the requirements relating to the auditor’s evaluation of a company’s identification of, accounting for, and disclosure of its relationships and transactions with related parties.”

**Next Steps:** Auditing Standard 18 is “effective for audits of financial statements for fiscal years beginning on or after December 15, 2014, including reviews of interim financial information within these fiscal years.”

**Other Resources:** Deloitte’s June 23, 2014, [Heads Up](#). Also see the [press release](#) on the PCAOB’s Web site. ●

## International

### IAESB Issues Standard on Audit Engagement Partner's Professional Competence\*

**Affects:** Professional accountants.

**Summary:** On December 15, 2014, the IAESB issued [IES 8](#), which “prescribes the professional competence that professional accountants are required to develop and maintain when performing the role of an Engagement Partner responsible for audits of financial statements.” The publication of IES 8 represents the completion of the IAESB’s project to redraft its eight IESs.

**Next Steps:** IES 8 will become effective on July 1, 2016.

**Other Resources:** For more information, see the [press release](#) on IFAC’s Web site.

### IAESB Issues Standards on Education Programs for Professional Accountants

**Affects:** Professional accountants.

**Summary:** On January 17, 2014, the IAESB issued the following revised IESs to provide accountants with guidance on developing competence as part of a professional accounting education program:

- [IES 2 \(Revised\), Initial Professional Development — Technical Competence.](#)
- [IES 3 \(Revised\), Initial Professional Development — Professional Skills.](#)
- [IES 4 \(Revised\), Initial Professional Development — Professional Values, Ethics, and Attitudes.](#)

The revised standards, which supersede the existing IESs 2–4, “aim to assist professional accountancy organizations, as well as educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of professional accountants.”

**Next Steps:** All three standards will become effective on July 1, 2015.

**Other Resources:** For more information, see the [press release](#) on IFAC’s Web site. ●

### IAASB Releases Strategy and Work Plan\*

**Affects:** IFAC member bodies.

**Summary:** On December 17, 2014, the IAASB released the following:

- [Strategy for 2015–2019: Fulfilling Our Public Interest Mandate in an Evolving World](#) — “[D]escribes the board’s three strategic objectives that articulate its vision over the medium term.”
- [Work Plan for 2015–2016: Enhancing Audit Quality and Preparing for the Future](#) — “[S]ets out the IAASB’s priorities and actions for the 2015–2016 period, including the board’s initial views on the issues that may be addressed and the manner in which this may be done.”

**Other Resources:** For more information, see the [press release](#) on IFAC’s Web site.

### IAASB Issues Audit-Quality Framework

**Affects:** IFAC member bodies.

**Summary:** On February 18, 2014, the IAASB issued its [audit-quality framework](#). The objectives of the framework are “to raise awareness of the key elements of audit quality, encourage key stakeholders to challenge themselves to do more to increase audit quality in their particular environments, and facilitate greater dialogue between key stakeholders on the topic.”

**Other Resources:** For more information, see the [press release](#) on IFAC’s Web site. ●

## IIA Publishes Practice Guide on Anticorruption and Antibribery Programs

**Affects:** Internal auditors.

**Summary:** On June 10, 2014, the IIA released a [practice guide](#) that discusses key aspects of an internal auditor's responsibilities related to auditing an entity's anticorruption and antibribery programs. The guide stresses the importance of establishing effective safeguards against corruption and bribery.

**Other Resources:** For more information, see the [press release](#) on the IIA's Web site. ●

## European Parliament Overhauls Auditing Practices

**Affects:** All entities and their auditors.

**Summary:** On May 28, 2014, the European Parliament issued [rules](#) that dramatically reform international auditing practices. The overall objectives of the rules, which are part of Europe's ongoing attempts to fix the underlying problems that contributed to the global financial crisis, are to increase the quality and transparency of audits and eliminate conflicts of interest. Specific provisions of the rules include:

- Requiring that audit reports released in the EU adhere to international auditing standards.
- Eliminating contractual provisions stipulating that audits must be performed by one of the Big Four firms.
- Implementing a mandatory audit firm rotation rule.
- Prohibiting EU audit firms from performing certain nonaudit services.

**Next Steps:** The provision related to Big Four firms will become effective on June 17, 2017. Most of the other regulations will become effective on June 17, 2016. ●

## IFIAR's 2013 Inspections Report Notes Critical Deficiencies in Key Audit Areas

**Affects:** All entities and their auditors.

**Summary:** On April 10, 2014, the IFIAR released a [report](#) on the findings from its 2013 survey of audit firms. The report notes a number of deficiencies in key aspects of audit firms' performance, including failures to obtain sufficient appropriate audit evidence and address material errors. IFIAR Chair Lewis H. Ferguson summed up the findings by cautioning that the "high rate and severity of inspection deficiencies in critical aspects of the audit, and at some of the world's largest and systemically important financial institutions, is a wake-up call to firms and regulators alike: More must be done to improve the reliability of audit work performed globally on behalf of investors."

**Other Resources:** For more information, see the [press release](#) on the IFIAR's Web site. ●

# Governmental Accounting and Auditing Developments

## AICPA

### AICPA Issues Audit Interpretations of Guidance on Governmental Pension Plans

**Affects:** Governmental entities and their auditors.

**Summary:** In April 2014, the AICPA issued the following new audit interpretations to help auditors of governmental pension plans implement the requirements of GASB Statements 67 and 68:

- [Interpretation No. 2, "Auditor of Participating Employer in a Governmental Cost-Sharing Multiple-Employer Pension Plan,"](#) of AU-C Section 500, "Audit Evidence."
- [Interpretation No. 1, "Auditor of Participating Employer in a Governmental Pension Plan,"](#) of AU-C Section 600, "Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors)."

- [Interpretation No. 1, “Auditor of Governmental Cost-Sharing Multiple-Employer Pension Plan,”](#) of AU-C Section 805, “Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement.”

Although the interpretations are not authoritative guidance, AU-C Section 200 specifies that auditors must consider all relevant interpretive guidance in planning for and performing an audit. ●

## FASAB

### FASAB Issues Statement to Defer the Transition to Basic Information for Long-Term Projections

**Affects:** Entities applying federal financial accounting standards.

**Summary:** On October 17, 2014, the FASAB issued [Statement 46](#), which “provides a second one-year deferral of the transition of the statement presenting long-term fiscal projections for the U.S. government and related disclosures from required supplementary information . . . to basic information.” The purposes of the deferral are to (1) allow the AICPA to “develop guidance for audit reports on long-term fiscal projections” and (2) give preparers enough “time to plan for the audit.”

The requirements in Statement 46 became effective upon issuance.

**Other Resources:** For more information, see the [press release](#) on the FASAB’s Web site. ●

## GAO

### GAO Issues Revised “Green Book” to Improve Internal Control Standards at the Federal Level\*

**Affects:** Federal agencies and their auditors.

**Summary:** On September 10, 2014, the GAO issued the 2014 edition of its “[Green Book](#),” which establishes standards for effective use of internal control systems by federal agencies. While the 2014 version of the Green Book retains discussion of the five key components of internal control that were covered in previous editions, it also contains “17 new principles that enumerate management responsibilities in implementing and overseeing an effective internal control system.”

**Next Steps:** The revised Green Book will become effective at the beginning of fiscal year 2016.

**Other Resources:** For more information, see the [press release](#) on the GAO’s Web site. ●

## GASB

### GASB Issues Concepts Statement on Measuring Financial Statement Elements

**Affects:** Entities reporting under financial accounting and reporting standards for state and local governments.

**Summary:** On April 14, 2014, the GASB issued a [concepts statement](#) that is intended to help the Board identify concepts “to consider when developing standards for measurement of elements of financial statements.”

**Other Resources:** For more information, see the [press release](#) on the GASB’s Web site. ●

### GASB Releases Pensions Toolkit

**Affects:** Entities reporting under financial accounting and reporting standards for state and local governments.

**Summary:** On March 11, 2014, the GASB released a pensions [toolkit](#) to help governmental entities implement the requirements of Statements 68 and 71. In addition to including an executive summary and the full text of the two pension standards, the toolkit features an [implementation guide](#) as well as supplementary videos, podcasts, articles, and other documents that explain key aspects of the accounting for pensions.

**Other Resources:** For more information, see the [press release](#) on the GASB’s Web site. ●

## International

### IPSASB Releases Conceptual Framework

**Affects:** Public-sector entities.

**Summary:** On October 31, 2014, the IPSASB released its *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*, which “establishes the concepts that will guide the IPSASB’s approach to standard-setting and guidance.” In the words of IPSASB Chairman Andreas Bergmann, “these concepts will provide the basis for [the IPSASB’s] ongoing development of consistent and useful [IPSASs and RPGs]. They will also provide guidance to preparers faced with financial reporting issues not dealt with by IPSASs or RPGs.”

**Other Resources:** For more information, see the [press release](#) on IFAC’s Web site. ●

### IFAC and CIPFA Release Framework to Promote Good Public-Sector Governance

**Affects:** Public-sector entities.

**Summary:** On July 2, 2014, IFAC and CIPFA issued a [framework](#) to promote efficiency in the governance of public-sector entities. The framework is being issued in response to both “the financial and sovereign debt crises and a constant stream of governance failures, including nepotism, inefficiency, corruption, and poor financial management.”

**Other Resources:** For more information, see the [press release](#) on IFAC’s Web site. ●

## Regulatory and Compliance Developments

### Banking

#### OCC Updates Bank Accounting Advisory Series\*

**Affects:** Banking entities.

**Summary:** On December 12, 2014, the OCC announced that it has issued an [annual update](#) to its Bank Accounting Advisory Series, which “expresses the office’s current views on accounting topics relevant to national banks and federal savings associations.” Topics addressed in the update include acquired loans, allowances for loans and lease losses, other real estate owned, and other borrowings.

**Other Resources:** For more information, see the [press release](#) on the OCC’s Web site. ●

#### Federal Reserve Extends Conformance Period for Banking Entities With Investments in or Relationships With Covered or Foreign Funds\*

**Affects:** Banking entities.

**Summary:** On December 18, 2014, the Federal Reserve issued an [order](#) extending the date — from July 21, 2015, to July 21, 2016 — by which entities with investments in, and relationships with, covered (i.e., hedge or private equity) or foreign funds must “conform their activities and investments to the requirements of” Section 13 of the Bank Holding Company (BHC) Act of 1956, as added by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). The extension is the second of three allowable under the BHC Act, which permits the Federal Reserve Board to “extend the two-year conformance period for one year at a time, for a total of not more than 3 years, if in the judgment of the Board an extension is consistent with the purposes of section 13 and would not be detrimental to the public interest.” Thus, the mandatory compliance date is July 21, 2017.

**Other Resources:** For more information, see the [press release](#) on the Federal Reserve’s Web site. ●

## Federal Reserve and Other Government Agencies Issue Final Guidance on Regulatory Capital and Liquidity Coverage Ratio Requirements; Federal Reserve and OCC Issue Interim Final Rule\*

**Affects:** Banking entities.

**Summary:** On September 9, 2014, the Federal Reserve, in conjunction with the Department of the Treasury and the FDIC, issued two final rules:

- *Liquidity Coverage Ratio: Liquidity Risk Measurement Standards* — This final rule “implements a quantitative liquidity requirement consistent with the liquidity coverage ratio . . . established by the Basel Committee on Banking Supervision.” The purpose of the final rule is to “improve the liquidity risk profile of international banking organizations and to strengthen the measurement and management of liquidity risk.”
- *Regulatory Capital Rules: Regulatory Capital, Revisions to the Supplementary Leverage Ratio* — This final rule “revises the denominator of the supplementary leverage ratio (total leverage exposure) under the revised regulatory capital rule adopted by the agencies in July 2013.”

In addition, on December 16, 2014, the Federal Reserve and OCC issued an [interim final rule](#) that requests comment on amendments to certain definitions in the final rules. The amendments “are designed to ensure that the regulatory capital, liquidity, and lending limits treatment of certain financial contracts is not affected by implementation of special resolution regimes in foreign jurisdictions or by the International Swaps and Derivative Association Resolution Stay Protocol.”

**Next Steps:** The two final rules will become effective on January 1, 2015. The interim final rule will become effective on January 1, 2015; comments on the interim final rule are due by March 3, 2015.

**Other Resources:** For more information, see the press releases on the [liquidity risk final rule](#) and [regulatory capital final rule](#) on the FDIC’s Web site. Also see the [press release](#) about the interim final rule on the Federal Reserve’s Web site. ●

## Federal Reserve Proposes Rule to Strengthen Capital Positions for Global Systemically Important Banks\*

**Affects:** Global systemically important banks.

**Summary:** On December 9, 2014, the Federal Reserve issued a [proposed rule](#) that would institute a framework for establishing “risk-based capital surcharges for the largest, most interconnected U.S.-based bank holding companies that have been identified as global systemically important banking organizations (GSIBs).” The proposed framework, which is based on an international standard released by the Basel Committee, is being issued in response to a mandate in Section 165 of the Dodd-Frank Act. In accordance with this mandate, the proposal “would require a U.S. top-tier bank holding company with \$50 billion or more in total consolidated assets to calculate a measure of its systemic importance and would identify a subset of those companies as GSIBs based on that measure.” Top U.S. banks that would currently be identified as GSIBs include Bank of America, Goldman Sachs, BNY Mellon, Citigroup, JPMorgan Chase, Morgan Stanley, State Street, and Wells Fargo.

**Next Steps:** Comments on the proposed rule are due by February 28, 2015.

**Other Resources:** For more information, see the [press release](#) on the Federal Reserve’s Web site. ●

## Federal Reserve Amends Reserve Requirements for Depository Institutions

**Affects:** Depository institutions.

**Summary:** On November 13, 2014, the Federal Reserve issued a [final rule](#) that amends Regulation D to “reflect the annual indexing of the reserve requirement exemption amount and the low reserve tranche for 2015.” Specifically, the amendments “set the amount of total reservable liabilities of each depository institution that is subject to a zero percent reserve requirement in 2015 at \$14.5 million (from \$13.3 million in 2014) [and] set the amount of net transaction accounts at each depository institution (over the reserve requirement exemption amount) that is subject to a three percent reserve requirement in 2015 at \$103.6 million (from \$89.0 million in 2014).”

The final rule became effective on December 17, 2014.

**Other Resources:** For more information, see the [press release](#) on the Federal Reserve's Web site. ●

## Federal Reserve Issues Final Rule to Establish Concentration Limits for Large Financial Companies

**Affects:** Large financial companies.

**Summary:** On November 5, 2014, the Federal Reserve issued a [final rule](#) in response to a mandate of Section 622 of the Dodd-Frank Act, which "establishes a financial sector concentration limit that generally prohibits a financial company from merging or consolidating with, or acquiring, another company if the resulting company's liabilities upon consummation would exceed 10 percent of the aggregate liabilities of all financial companies." The final rule would also contain "reporting requirements for financial companies that do not otherwise report consolidated financial information to the Board or other appropriate Federal banking agency to implement section 14 of the [BHC] Act."

**Next Steps:** The final rule will become effective on January 1, 2015.

**Other Resources:** For more information, see the [press release](#) on the Federal Reserve's Web site. ●

## SASB

### SASB Issues Provisional Standards\*

**Affects:** Industries within the scope of the standards.

**Summary:** In 2014, the SASB issued provisional standards for industries in the financial, technology and communications, nonrenewable resources, and transportation sectors. The standards are the second through sixth sets in a planned series of industry-related SASB standards on accounting for environmental, social, and governance issues that could be material to a corporation's performance. The standards, which focus on material sustainability matters that corporations are already required to disclose in their Form 10-K or 20-F filings with the SEC, affect the following entities:

- *Financial standards* (issued on February 26, 2014) — Commercial banks, investment banking and brokerage, asset management and custody activities, consumer finance, mortgage finance, security and commodity exchanges, insurance.
- *Technology and communications standards* (issued on April 4, 2014) — Electronic manufacturing services and original design manufacturing, software and IT services, hardware, semiconductors, telecommunications, Internet media and services.
- *Nonrenewable resources standards* (issued on June 25, 2014) — Oil and gas exploration and production, midstream, refining and marketing, and services; coal operations; iron and steel production; metals and mining; construction materials.
- *Transportation standards* (issued on September 24, 2014) — Automobiles; auto parts; car rental and leasing; airlines; air freight and logistics; marine, rail, and road transportation.
- *Services standards* (issued on December 17, 2014) — Advertising and marketing, cable and satellite, casinos and gaming, cruise lines, education, hotels and lodging, leisure facilities, media production and distribution, professional services, restaurants.

**Other Resources:** For more information, see the [industry briefs](#) on the SASB's Web site. ●

## SEC

### SEC Chief Accountant Schnurr Discusses U.S. Use of IFRSs at 2014 AICPA Conference on Current SEC and PCAOB Developments; FAF and FASB Comment on Schnurr's Remarks\*

**Affects:** All entities.

**Summary:** At the 2014 AICPA Conference on Current SEC and PCAOB Developments (held on December 8–10), James Schnurr, chief accountant in the SEC's Office of the Chief Accountant, [discussed](#) whether and, if so, how IFRSs might be incorporated into the U.S. financial reporting system. Previously, the SEC has considered three potential alternatives for IFRS incorporation: (1) adopting IFRSs outright, (2) giving U.S. registrants the option of filing IFRS financial statements, and (3) using the so-called "condorsement" approach. Mr. Schnurr mentioned the possibility of a fourth alternative. Indicating that "some domestic issuers may, now or in the near future, prepare IFRS-based financial information in addition to the U.S. GAAP based information" in their filings, he spoke about a plan to consider whether U.S. companies should be permitted to voluntarily provide IFRS-prepared financial information as a supplement to their U.S. GAAP financial statements. The information from this fourth alternative could range from selected IFRS financial information to full IFRS financial statements. Mr. Schnurr further noted that "[u]nder this line of thinking, issuers that do not believe IFRS-based information would be beneficial to investors would not be forced to undertake what we understand to be, in some cases, significant implementation costs."

In a related development, on December 8, 2014, the FAF and FASB issued a [statement](#) in response to Schnurr's remarks. The statement indicates the organizations' belief that "voluntarily providing IFRS information on a supplemental basis, subject to audit, SEC review and other regulatory scrutiny, could be an important tool in fostering further convergence of [GAAP] and [IFRSs]." In addition, the statement notes that "it makes sense to explore whether there are ways to remove barriers that might exist for companies that voluntarily choose to offer investors a second set of financial statements prepared in accordance with [IFRSs]."

**Other Resources:** Deloitte's December 15, 2014, [Heads Up](#). ●

### SEC Proposes Revisions to Registration Requirements\*

**Affects:** SEC registrants.

**Summary:** On December 18, 2014, the SEC issued a [proposed rule](#) that would revise the requirements in Section 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act") related to the thresholds for registration, termination of registration, and suspension of reporting. The proposal, which is being issued in response to the mandates in Titles V and VI of the JOBS Act, would:

- Amend "Exchange Act Rules 12g-1 through 4 and 12h-3 which govern the procedures relating to registration, termination of registration under Section 12(g), and suspension of reporting obligations under Section 15(d) to reflect the new thresholds established by the JOBS Act."
- Revise "the rules so that savings and loan holding companies are treated in a similar manner to banks and bank holding companies for the purposes of registration, termination of registration, or suspension of their Exchange Act reporting obligations."
- Apply "the definition of 'accredited investor' in Securities Act Rule 501(a) to determinations as to which record holders are accredited investors for purposes of Exchange Act Section 12(g)(1). The accredited investor determination would be made as of the last day of the fiscal year."

In addition, the proposal would amend the definition of "held of record" and establish a nonexclusive safe harbor under Exchange Act Section 12(g).

**Next Steps:** Comments on the proposed rule are due 60 days after the date of its publication in the *Federal Register*.

**Other Resources:** For more information, see the [press release](#) on the SEC's Web site. ●

## SEC Adopts Final Rule to Enhance Technology Infrastructure in Securities Markets

**Affects:** SEC registrants.

**Summary:** On November 19, 2014, the SEC issued a [final rule](#) that would require certain “key market participants” to establish controls over their technology systems. Known as Regulation SCI (which stands for “systems compliance and integrity”), the new rule is designed to protect against failures in technological and automated systems throughout the securities markets given the ever-increasing reliance on such systems. Entities affected by the rule include “self-regulatory organizations, certain alternative trading systems . . . , plan processors, and certain exempt clearing agencies.”

**Next Steps:** The final rule will become effective on February 3, 2015.

**Other Resources:** For more information, see the [press release](#) on the SEC’s Web site. ●

## SEC and Other Government Agencies Issue Final Rule on Credit Risk Retention

**Affects:** Securitizers.

**Summary:** On October 22, 2014, the SEC and five other federal agencies<sup>1</sup> adopted a [final rule](#) that requires securitizers, under certain conditions, to retain a portion of the credit risks associated with the assets collateralizing an asset-based security (ABS). The final rule is being issued in response to a mandate of Section 941 of the Dodd-Frank Act, which added new credit risk retention requirements to Section 15G of the Exchange Act.

The final rule addresses what some believed to be a critical weakness in the securitization market that led to the financial crisis — namely, that certain meaningful risks need to be retained to ensure that securitizers have the incentives to monitor the quality of the securities. Therefore, under the final rule, securitizers would be:

- Required to retain no less than 5 percent of the credit risk of assets collateralizing an ABS.
- Prohibited from hedging or transferring the credit risk they are required to retain.

In addition, the final rule permits securitizers to select a form of risk retention obligation from a menu of specified options. The options available include (1) an eligible vertical interest, (2) an eligible horizontal residual interest, or (3) a combination of both when the combined interest is no less than 5 percent of the fair value of all ABSs issued.

ABSs that are collateralized solely by “qualified residential mortgages” (QRMs) are exempt from the risk retention requirements. The final rule alters the definition of a QRM to align it with the Consumer Financial Protection Bureau’s definition of a “qualified mortgage.”

**Next Steps:** The final rule will become effective one year after the date of its publication in the *Federal Register*.

**Other Resources:** For more information, see the [press release](#) on the SEC’s Web site. ●

## SEC Updates Financial Reporting Manual

**Affects:** SEC registrants.

**Summary:** On October 20 and February 6, 2014, the SEC published updates to its [Financial Reporting Manual](#) (FRM). Changes in the October update include:

- Deletion of interpretive guidance on development-stage entities (for consistency with U.S. GAAP).
- Clarifications to the definition in Regulation S-X, Rule 3-05, of “individually insignificant acquisitions.”
- Modifications to certain guidance on applying Regulation S-X, Rule 3-14, to real estate acquisitions.

The primary purpose of the February update is to address critical estimate disclosures about share-based compensation in initial public offering transactions.

**Other Resources:** For more information, see the [FRM page](#) on the SEC’s Web site. ●

<sup>1</sup> The OCC, the Board of Governors of the Federal Reserve System, the FDIC, the FHFA, and the HUD.

## SEC Issues Risk Alert and FAQs on Customers' Sales of Securities

**Affects:** SEC registrants.

**Summary:** On October 9, 2014, the SEC issued a [risk alert](#) and [FAQs](#) regarding broker-dealers' controls over customers' sales of securities.

The risk alert details the results of the examinations of 22 broker-dealers that often participate in the sales of microcap securities. The examinations, which are conducted by the staff in the SEC's Office of Compliance Inspections and Examinations, uncovered "widespread deficiencies" in broker-dealers' handling of these transactions, including inadequate controls and insufficient policies and procedures.

The FAQs address issues related to the broker-dealer exemption under Section 4(a)(4) of the Securities Act of 1933 (the "Securities Act"). Broker-dealers are reminded that when applying the exemption, they must "conduct a reasonable inquiry when selling securities in an unregistered transaction."

**Other Resources:** For more information, see the [press release](#) on the SEC's Web site. ●

## SEC Staff Clarifies Views Regarding Presentation of New Revenue Guidance in Selected Financial Data

**Affects:** SEC registrants.

**Summary:** At the FASAC meeting on September 11, 2014, the SEC staff clarified its views on how registrants would reflect their implementation of ASC 606 (the "new revenue standard") in the five-year table required under SEC Regulation S-K, Item 301. The staff indicated that it would not object if a registrant reflected its adoption of the new revenue standard in the five-year table on a basis that is consistent with the adoption in its financial statements (i.e., reflected the adoption in less than each of the five years in the table). In other words, in a manner consistent with the new revenue standard, a registrant could present in the five-year table (1) only the most recent three years if the registrant uses the full retrospective method to adopt the new revenue standard or (2) only the most recent fiscal year if it uses the modified transition basis. Regardless of the transition method adopted, registrants would be expected to disclose the method they used to reflect the information (e.g., how the periods are affected) and that the periods are not comparable. ●

## SEC Issues Final Rule on Asset-Backed Securities

**Affects:** Issuers of ABSs.

**Summary:** On September 4, 2014, the SEC issued a [final rule](#) that is intended to enhance the disclosure requirements for ABSs. Specifically, the final rule requires "loan-level disclosure for certain assets, such as residential and commercial mortgages and automobile loans" and gives investors more time "to review and consider a securitization offering, revise[s] the eligibility criteria for using an expedited offering process known as 'shelf offerings,' and make[s] important revisions to reporting requirements."

The final rule became effective on November 24, 2014.

**Other Resources:** For more information, see the [press release](#) on the SEC's Web site. ●

## SEC Issues Final Rule on Nationally Recognized Statistical Rating Organizations

**Affects:** Nationally recognized statistical rating organizations (NRSROs).

**Summary:** On August 27, 2014, the SEC issued a [final rule](#) that revises the requirements for NRSROs in response to a mandate of the Dodd-Frank Act. The amendments "address internal controls, conflicts of interest, disclosure of credit rating performance statistics, procedures to protect the integrity and transparency of rating methodologies, disclosures to promote the transparency of credit ratings, and standards for training, experience, and competence of credit analysts." The ultimate objective of these new requirements is "to enhance governance, protect against conflicts of interest, and increase transparency to improve the quality of credit ratings and increase credit rating agency accountability."

The final rule became effective on November 14, 2014.

**Other Resources:** For more information, see the [press release](#) on the SEC's Web site. ●

## SEC Issues Final Rules Related to Money Market Funds

**Affects:** SEC registrants.

**Summary:** On July 23, 2014, the SEC issued a [final rule](#) that amends the way money market funds (MMFs) are regulated. The rule eliminates the use of penny rounding for institutional nongovernment MMFs and establishes a current NAV — or floating NAV — like that used in other mutual funds. In addition, government and retail MMFs may continue using amortized cost to value a fund's investments instead of calculating the fund's value by using a floating NAV (i.e., they may continue to use a stable NAV, which is typically \$1).

Municipal MMFs are not exempt from the floating rate requirement unless they meet the definition of a "retail" MMF. However, the final rule notes that MMFs with floating NAVs will be permitted to "continue to use amortized cost to value debt securities with remaining maturities of 60 days or less if fund directors, in good faith, determine that the fair value of the debt securities is their amortized cost value, unless the particular circumstances warrant otherwise." The final rule also includes provisions related to redemption gates and liquidity fees.

The final rule became effective on October 14, 2014.

**Other Resources:** Deloitte's July 24, 2014, [journal entry](#). Also see the [press release](#) on the SEC's Web site. ●

## SEC Issues Final Rule on Cross-Border Security-Based Swaps

**Affects:** SEC registrants.

**Summary:** On June 26, 2014, the SEC issued a [final rule](#) that explains "when a cross-border transaction must be counted toward the requirement to register as a security-based swap dealer or major security-based swap participant." In addition, the rule addresses "the scope of the SEC's cross-border anti-fraud authority."

The final rule became effective on September 8, 2014.

**Other Resources:** For more information, see the [press release](#) on the SEC's Web site. ●

## SEC Issues FAQs on Broker-Dealers

**Affects:** SEC registrants.

**Summary:** In April 2014, the SEC's Division of Trading and Markets issued two sets of FAQs ([April 4](#) and [April 15](#)) that offer interpretive guidance on certain aspects of the broker-dealer provisions in the Exchange Act. The April 4 FAQs cover questions related to the SEC's July 30, 2013, [final rule](#) on the financial responsibility requirements for broker-dealers (specifically the amendments to Rule 17a-5), while the April 15 set addresses risk management controls for broker-dealers with market access under Rule 15c3-5, as outlined in the SEC's November 3, 2010, [final rule](#) on this topic. ●

## SEC Issues Interim Final Rule Related to Certain Collateralized Debt Obligations

**Affects:** Financial institutions.

**Summary:** On January 17, 2014, the SEC, in conjunction with the OCC, the Federal Reserve, the FDIC, and the CFTC, issued an [interim final rule](#) that "would permit banking entities to retain investments in certain pooled investment vehicles that invested their offering proceeds primarily in certain securities issued by community banking organizations of the type grandfathered under section 171 of the Dodd-Frank Wall Street Reform and Consumer Protection Act."

The interim final rule became effective on April 1, 2014.

**Other Resources:** For more information, see the [press release](#) on the SEC's Web site. ●

## SEC Issues Final Rule and Interpretive Guidance Related to Rules for Registration of Municipal Advisers

**Affects:** Municipal advisers.

**Summary:** On January 13, 2014, the SEC issued a [final rule](#) granting a temporary stay on the Commission's rules for registration of municipal advisers, which "require municipal advisors to register with the Commission if they provide advice to municipal entities or certain other persons on the issuance of municipal securities, or about certain investment strategies or municipal derivatives." The new date by which municipal advisers must comply with the rules is June 1, 2014. The temporary stay is effective as of January 13, 2014.

In addition, on January 10, 2014, the SEC issued a series of [FAQs](#) in response to questions the Commission has received from market participants about the municipal adviser registration rules. Topics covered in the FAQs include:

- Content that entities are permitted to provide to a municipal entity to avoid having to register as a municipal adviser.
- How to provide a request for proposals or request for qualifications that is consistent with the exemption to the definition of a municipal adviser.
- Requirements for the independent registered municipal adviser exemption.
- Exclusions related to underwriters and registered investment advisers.
- Whether a broker-dealer that served as underwriter for an issuance of municipal securities can continue to rely on the underwriter exemption after the issuance and the underwriting period.
- Whether advice provided by remarketing agents is within the scope of the underwriter exclusion.
- Opinions offered by public officials and citizens.
- Effective and compliance dates of the final rules.

**Other Resources:** For more information, see the [January 10](#) and [January 13](#) press releases on the SEC's Web site. ●

## SEC Issues Compliance and Disclosure Interpretations

**Affects:** SEC registrants.

**Summary:** In January 2014, the SEC's Division of Corporation Finance issued the following [C&DIs](#) related to the Exchange Act (Question 105.06) and the Securities Act of 1933 (Questions 260.28–.34):

- *Question 105.06* — Discusses under what circumstances the beneficial ownership of a party to the voting agreement is attributed to one or more other parties to the agreement.
- *Question 260.28* — Clarifies that "[a] shareholder that becomes a 20 [percent] beneficial owner upon completion of a sale of securities is not a 20 [percent] beneficial owner at the time of the sale."
- *Question 260.29* — Confirms that a "beneficial owner" should be interpreted the same way under Rule 506(d) as it is under Exchange Act Rule 13d-3.
- *Question 260.30* — Indicates that beneficial ownership includes both direct and indirect interests.
- *Question 260.31* — Clarifies whether the parties to a voting agreement for proxy voting in favor of director candidates are required to aggregate their holdings when determining whether they, as a group or single party, are 20 percent beneficial owners of the issuer and considered covered persons under Rule 506(d).
- *Question 260.32* — Explains that an order issued by a court or regulator in accordance with Rule 506(d)(2)(iii) does not waive the disclosure obligation in Rule 506(e).

- *Question 260.33* — Discusses under what circumstances the issuer of an offering is required to take “reasonable steps to verify” the accredited investor status of investors who purchased securities in the offering before the issuer conducted the offering by relying on Rule 506(c).
- *Question 260.34* — Clarifies when an issuer can switch from Rule 506(b) to Rule 506(c) if it already sold securities to nonaccredited investors before relying on the Rule 506(c) exemption.

Further, on April 21, 2014, the SEC’s Division of Corporation Finance issued the following new [CGDIs](#) on rules under the Securities Act, which provide interpretive guidance on communications with security holders or investors through social media outlets:

- Questions 110.01, 164.02, and 232.15 list limited circumstances in which a registrant would be permitted to supply a hyperlink to comply with certain reporting requirements under the Securities Act.
- Questions 110.02 and 232.16 clarify that if certain conditions are met, a registrant is not required to ensure that an electronic communication redistributed by a third party complies with the Securities Act. ●

## International

### Basel Committee Revises Securitization Framework\*

**Affects:** Banking entities.

**Summary:** On December 11, 2014, the Basel Committee published [revisions](#) to its securitization framework in connection with its “broader Basel III agenda to reform regulatory standards for banks.” The purpose of the revisions is to rectify deficiencies in the Basel II framework that were identified in connection with the global financial crisis. These deficiencies include “mechanistic reliance on external ratings, lack of risk sensitivity, cliff effects and insufficient capital for certain exposures.”

**Next Steps:** The Basel III securitization framework will become effective in January 2018.

**Other Resources:** For more information, see the [press release](#) on the BIS’s Web site. ●

### Basel Committee Issues Final Standard on Net Stable Funding Ratio and Proposes Related Disclosure Requirements\*

**Affects:** Banking entities.

**Summary:** On October 31, 2014, the Basel Committee issued a [final standard](#) that establishes requirements related to the net stable funding ratio (NSFR), which is “a significant component of the Basel III reforms.” Under the new standard, banks are required to “maintain a stable funding profile in relation to their on- and off-balance sheet activities, thus reducing the likelihood that disruptions to a bank’s regular sources of funding will erode its liquidity position in a way that could increase the risk of its failure and potentially lead to broader systemic stress.”

In addition, on December 9, 2014, the committee issued a [consultative document](#) that proposes disclosure requirements related to the NSFR. The proposal would establish a disclosure framework designed to enhance the usefulness and transparency of banks’ NSFR disclosures from the perspective of market participants.

**Next Steps:** The NSFR requirements will become effective on January 1, 2018. Comments on the consultative document are due by March 6, 2015.

**Other Resources:** For more information, see the [October 31](#) and [December 9](#) press releases on the BIS’s Web site. ●

## Basel Committee Issues Final Standard on Central Counterparties

**Affects:** Banking entities.

**Summary:** On April 10, 2014, the Basel Committee issued a [final standard](#) on central counterparties (CCPs) that, when it becomes effective, will supersede the interim CCP requirements the committee published in July 2012. The final standard would improve upon the interim requirements by:

- Prescribing “a single approach for calculating capital requirements for a bank’s exposure that arises from its contributions to the mutualised default fund of a qualifying CCP (QCCP).”
- Using “the standardised approach for counterparty credit risk . . . to measure the hypothetical capital requirement of a CCP.”
- Explicitly capping the capital charges that apply to a bank’s QCCP exposures.
- Indicating how an entity should treat “multi-level client structures whereby an institution clears its trades through intermediaries linked to a CCP.”
- Including responses to FAQs that the Basel Committee has been asked while working on the final standard.

**Next Steps:** The final standard will become effective on January 1, 2017.

**Other Resources:** For more information, see the [press release](#) on the BIS’s Web site. ●

## Basel Committee Proposes Revisions to Standardized Approach for Credit Risk\*

**Affects:** Banking entities.

**Summary:** On December 22, 2014, the Basel Committee issued a [consultative document](#) that proposes enhancements to the committee’s existing risk capital requirements. These enhancements would include:

- Reducing “reliance on external credit ratings.”
- Improving “granularity and risk sensitivity.”
- Updating “risk weight calibrations, which for purposes of this consultation are indicative risk weights and will be further informed based on the results of a quantitative impact study.”
- Increasing “comparability with the internal ratings-based . . . approach with respect to the definition and treatment of similar exposures.”
- Clarifying “the application of the standards.”

**Next Steps:** Comments on the consultative document are due by March 27, 2015.

**Other Resources:** For more information, see the [press release](#) on the BIS’s Web site. ●

## Basel Committee Issues Consultative Document on Capital Floors\*

**Affects:** Banking entities.

**Summary:** On December 22, 2014, the Basel Committee issued a [consultative document](#) on capital floors. The document contains a proposal that “would ensure that the level of capital across the banking system does not fall below a certain level. The floor is also meant to mitigate model risk and measurement error stemming from internally-modelled approaches. It would also enhance the comparability of capital outcomes across banks.”

**Next Steps:** Comments on the consultative document are due by March 27, 2015.

**Other Resources:** For more information, see the [press release](#) on the BIS’s Web site.

## Basel Committee Issues Final Standard to Limit Counterparty Exposures

**Affects:** Banking entities and their auditors.

**Summary:** On April 15, 2014, the Basel Committee issued a [final standard](#) that “includes a general limit applied to all of a bank’s exposures to a single counterparty, which is set at 25% of a bank’s Tier 1 capital.” The final standard revises the committee’s March 2013 proposal to:

- Make “the definition and the reporting thresholds . . . 10% of the eligible capital base (instead of the 5% initially proposed).”
- Modify “the treatment of a limited range of credit default swaps (CDS) used as hedges in the trading book . . . so that it is more closely aligned with the risk-based capital framework.”
- Replace “the initially proposed granularity threshold for exposures to securitisation vehicles . . . with a materiality threshold related to the capital base of the bank (calibrated at 0.25% of the capital base).”
- Recognize “particular features of some covered bonds.”

**Next Steps:** The final standard will become effective on January 1, 2019.

**Other Resources:** For more information, see the [press release](#) on the BIS’s Web site. ●

## Basel Committee Issues Guidance on External Banking Audits

**Affects:** Banking entities and their auditors.

**Summary:** On March 31, 2014, the Basel Committee issued [supervisory guidance](#) on external banking audits, which supersedes the committee’s 2002 and 2008 guidance on this topic. The new guidance is being issued in response to numerous developments that have affected the banking industry over the past decade, including the financial crisis, the advent of new laws and regulations, and evolving bank practices. The primary focus of the guidance is on improving audit quality at banks. Specific topics covered include the following:

- The important role of audit committees in communicating with external auditors and overseeing the external audit process.
- How audit committees and external auditors can cooperate to promote audit quality and financial stability.
- The Basel Committee’s “expectations and recommendations on how internationally accepted auditing standards should be tailored to an audit in response to risks and issues specific to banks.”

**Other Resources:** For more information, see the [press release](#) on the BIS’s Web site. ●

## Basel Committee Issues Final Standard on Measuring Counterparty Credit Risk Exposures

**Affects:** Banking entities.

**Summary:** On March 31, 2014, the Basel Committee issued a [final standard](#) on measuring counterparty credit risk exposures, which “replaces both the Current Exposure Method . . . and the Standardised Method . . . in the capital adequacy framework.” The new guidance “includes a comprehensive, non-modelled approach for measuring counterparty credit risk associated with OTC derivatives, exchange-traded derivatives, and long settlement transactions.”

**Other Resources:** For more information, see the [press release](#) on the BIS’s Web site. ●

## Basel Committee Issues Risk Management Guidelines Related to Money Laundering and Terrorism Financing

**Affects:** Banking entities.

**Summary:** On January 15, 2014, the Basel Committee issued [guidelines](#) that provide banking entities with information on how they “should include the management of risks related to money laundering and financing of terrorism within their overall risk management framework.” The goal of the guidelines is to help protect “the safety and soundness of banks as well as the integrity of the financial system.”

**Other Resources:** For more information, see the [press release](#) on the BIS’s Web site. ●

## Basel Committee Amends Basel III Leverage Ratio Framework and Related Disclosure Requirements

**Affects:** Banking entities.

**Summary:** On January 12, 2014, the Basel Committee issued [amendments](#) to the Basel III leverage ratio framework and the related disclosure requirements. The framework changes are intended to more accurately convey the “on- and off-balance-sheet sources of banks’ leverage” in light of the excessive leverage that contributed to the global financial crisis.

**Other Resources:** For more information, see the [press release](#) on the BIS’s Web site. ●

## IAIS Announces Public Consultation on Development of Global Insurance Capital Standard\*

**Affects:** Insurance entities.

**Summary:** On December 17, 2014, the IAIS issued a [public consultation document](#) that requests feedback on considerations related to the organization’s development of a global insurance capital standard (ICS). In this consultation, which “is the first of three planned public consultations on the ICS,” the IAIS is seeking commenters’ input on such topics as “valuation, qualifying capital resources, [and] potential methods for determining the ICS capital requirement.”

**Next Steps:** Comments on the public consultation document are due by February 16, 2015.

**Other Resources:** For more information, see the [press release](#) on the IAIS’s Web site.

## IAIS Establishes Capital Requirements for Global Systemically Important Insurers

**Affects:** Insurance entities.

**Summary:** On October 23, 2014, the IAIS issued a [standard](#) that establishes basic capital requirements for global systemically important insurers. The IAIS developed the standard in accordance with the following six principles:

- “Major risk categories should be reflected.”
- “Comparability of outcomes across jurisdictions.”
- “Resilience to stress.”
- “Simple design and presentation.”
- “Internal consistency.”
- “Optimise transparency and use of public data.”

**Next Steps:** This standard represents the first step in a three-step project to “develop risk-based, group-wide global insurance capital standards.”

**Other Resources:** For more information, see the [press release](#) and [fact sheet](#) on the IAIS’s Web site. ●

## IFAC Issues Guidance on Supplementary Financial Measures

**Affects:** All entities.

**Summary:** On September 22, 2014, IFAC's PAIB Committee issued [guidance](#) that is intended to enhance the comparability and consistency of entities' reporting of supplementary financial measures, which are measures of a company's performance that are not defined by GAAP (e.g., EBITDA, underlying profit, net debt, free cash flow). The new guidance helps improve the usefulness of supplementary financial measures to investors by creating "a set of principles that allows professional accountants to develop and report useful measures in accordance with the qualitative characteristics of financial information."

**Other Resources:** For more information, see the [press release](#) on IFAC's Web site. ●

## FSB Releases Framework for "Haircuts" on Certain Securities Transactions

**Affects:** All entities.

**Summary:** On October 14, 2014, the FSB released a [regulatory framework](#) that comprises (1) "qualitative standards for methodologies used by market participants that provide securities financing to calculate haircuts on the collateral received" and (2) "numerical haircut floors that will apply to non-centrally cleared securities financing transactions in which financing against collateral other than government securities is provided to entities other than banks and broker-dealers." The main purpose of the framework is to reduce the risks associated with "shadow banking" by strengthening oversight and regulation of these transactions.

**Next Steps:** Work on this project is expected to be completed by the second quarter of 2015, with implementation of the framework planned by the end of 2017.

**Other Resources:** For more information, see the [press release](#) on the FSB's Web site. ●

## Major Global Banks Agree to Sign ISDA Resolution Stay Protocol

**Affects:** Banking entities.

**Summary:** On October 11, 2014, the ISDA announced that "18 major global banks (G-18) have agreed to sign a new ISDA Resolution Stay Protocol, which has been developed in coordination with the Financial Stability Board to support cross-border resolution and reduce systemic risk." In addition to increasing systemic stability, the protocol is intended to lessen the risk that a bank is "too big to fail." The stay imposed by the protocol will affect "cross-default and early termination rights within standard ISDA derivatives contracts between G-18 firms in the event one of them is subject to resolution action in its jurisdiction."

**Next Steps:** The protocol will become effective on January 1, 2015.

**Other Resources:** For more information, see the [press release](#) on the ISDA's Web site. ●

## Appendix A: Selected Deloitte Publications

### Heads Up

#### Accounting Standard-Setting Publications

Simplifying the Presentation of Debt Issuance Costs (October 14, 2014)

FASB Issues ASU on Going Concern (August 28, 2014)

The Road to Effective Disclosures (August 26, 2014)

IASB Completes Its Project on Accounting for Financial Instruments Under IFRS 9 (August 8, 2014)

Accounting for Real Estate Sales Under the New Revenue Standard (July 2, 2014)

FASB Makes Limited Amendments to Its Repurchase Accounting Guidance (June 19, 2014)

Boards Issue Guidance on Revenue From Contracts With Customers (May 28, 2014)

FASB Issues ASU to Amend Discontinued-Operations Reporting (April 22, 2014)

FASB Offers Simplified Approaches to Goodwill and Hedge Accounting (January 27, 2014)

#### Regulatory and Compliance Publications

Highlights of the 2014 AICPA Conference on Current SEC and PCAOB Developments (December 15, 2014)

A Summary of the November 20–21 Meeting of the PCAOB’s Standing Advisory Group (December 5, 2014)

SEC Staff Suggests Ingredients for Effective Disclosures (October 16, 2014)

Challenges and Leading Practices Related to Implementing COSO’s *Internal Control — Integrated Framework* (September 5, 2014)

Navigating Next Steps After the Year 1 Form SD and Conflict Minerals Reporting Cycle (July 21, 2014)

A Summary of the June 24–25 Meeting of the PCAOB’s Standing Advisory Group (July 14, 2014)

PCAOB Adopts New Requirements for Auditing Related Parties, Significant Unusual Transactions, and Other Matters (June 23, 2014)

PCAOB Gathers More Input on Proposed Changes to the Auditor’s Report (April 30, 2014)

MD&A Disclosures About “Cheap Stock” in IPO Transactions (April 28, 2014)

Two Years After the JOBS Act (April 15, 2014)

Highlights of the SEC’s Cybersecurity Roundtable (April 8, 2014)

Navigating Reporting Requirements for Form SD and Conflict Minerals Reports (March 27, 2014)

Highlights of the “SEC Speaks in 2014” Conference (March 20, 2014)

PCAOB Reproposes Requiring Disclosure of Engagement Partner and Certain Audit Participants (January 6, 2014)

### Industry Publications

Aerospace and Defense Spotlight — The Converged Revenue Recognition Model Has Landed (September 2014)

Automotive Spotlight — New Revenue Recognition Model Reaches the Finish Line (August 2014)

Banking & Securities: Accounting and Financial Reporting Update (November 7, 2014)

Banking & Securities Spotlight — Complying With the OCC’s Supplemental Examination Procedures for Evaluating Derivative Risk Management Practices (June 2014)

Consumer Products Spotlight — Rebranding Revenue Recognition (July 2014)

Financial Services Spotlight — FASB Issues New Revenue Standard (July 2014)

Health Care Providers Spotlight — Navigating the New Revenue Standard (June 2014)

Insurance: Accounting and Financial Reporting Update (December 9, 2014)

Investment Management: Accounting and Financial Reporting Update (November 18, 2014)

Investment Management Spotlight — Navigating the New Revenue Standard (June 2014)

Life Sciences Spotlight — Navigating the New Revenue Standard (June 2014)

Life Sciences: Accounting and Financial Reporting Update (March 2014)

Media & Entertainment Spotlight — Navigating the New Revenue Standard (July 2014)

Oil & Gas Spotlight — Fueling Discussion About the FASB’s New Revenue Recognition Standard (October 2014)

Oil & Gas Spotlight — Impairment and Valuation Considerations Related to Oil and Gas Assets (January 2014)

Oil & Gas: Accounting, Financial Reporting, and Tax Update (January 2014)

Power & Utilities Spotlight — Strategic Risks — Enhancing ERM Capabilities in a Changing P&U Environment (December 2014)

Power & Utilities Spotlight — Generating a Discussion About the FASB’s New Revenue Standard (August 2014)

Power & Utilities Spotlight — New Plan to Clear the Air (June 2014)

Power & Utilities Spotlight — ERM Roundtable Addresses Prevailing Practices for Identifying and Managing Risk (April 2014)

Power & Utilities Spotlight — Regulatory Accounting Goes Global — IASB Issues IFRS 14 (March 2014)

Power & Utilities: Accounting, Financial Reporting, and Tax Update (January 2014)

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Process & Industrial Products Spotlight — Revenue Recognition Rebuilt (August 2014)

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Real Estate: Accounting and Financial Reporting Update (November 24, 2014)

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Real Estate Spotlight — E&C Entities Prepare to Implement the Converged Revenue Model (September 2014)

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Retail & Distribution Spotlight — Revenue Recognition Restyled (August 2014)

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Technology Spotlight — The Future of Revenue Recognition (July 2014)

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Technology Spotlight — Recognizing Revenue From SaaS Arrangements (January 2014)

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Telecommunications Spotlight — Navigating the New Revenue Standard (July 2014)

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### Accounting for Income Taxes

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SEC Comment Letter Examples: Income Taxes (November 2014)

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Quarterly Hot Topics: September 2014

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Quarterly Hot Topics: June 2014

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Quarterly Hot Topics: March 2014

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### Financial Reporting Alerts

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14-4: Financial Reporting Considerations Related to Pension and Other Postretirement Benefits (December 2, 2014)

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14-3: Segment Reporting (November 10, 2014)

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14-2: Accounting for the Branded Pharmaceutical Drug Annual Fee — Effect of the Final IRS Regulations Issued in July 2014 (October 13, 2014)

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14-1: Foreign Currency Exchange Accounting Implications of Recent Government Actions in Venezuela (April 8, 2014)

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### TRG Snapshot

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Joint Meeting on Revenue (October 2014)

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Joint Meeting on Revenue (July 2014)

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### SEC Comment Letter

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SEC Comment Letters — Including Industry Insights: A Recap of Recent Trends (Eighth Edition)

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## Appendix B: Current Status of FASB Projects

This appendix summarizes the objectives,<sup>1</sup> current status, and next steps for the FASB’s active standard-setting projects (excluding research initiatives). Convergence projects are listed first; the remaining projects are listed in alphabetical order.

Project	Description	Status and Next Steps
<b>Recognition and Measurement Projects</b>		
Accounting for financial instruments	<p>This project consists of three phases: (1) classification and measurement, (2) impairment, and (3) hedging.</p> <p>The overall purpose of the project is to “significantly improve the decision usefulness of financial instrument reporting for users of financial statements. [The FASB believes] that simplification of the accounting requirements for financial instruments should be an outcome of this improvement.”</p>	<p><b>Classification and Measurement</b></p> <p>The Board is currently deliberating targeted improvements to existing GAAP and is expected to issue a final standard in the first half of 2015. In October 2014, the FASB tentatively decided to (1) remove equity method investments from the project, thereby retaining existing U.S. GAAP for those instruments, and (2) remove the threshold of more likely than not, and retain the significance threshold, in the assessment of the impairment of equity securities without readily determinable fair values. Further, in November 2014, the FASB discussed the costs and complexities of tentative decisions reached to date as well as the proposed ASU’s transition approach. In addition, the Board directed the staff to research disclosures about core deposit liabilities as well as the proposal’s impact on accounting for equity securities with readily determinable fair values. For more information, see Deloitte’s February 10, 2014, <a href="#">Heads Up</a> and May 16, 2014, <a href="#">journal entry</a>.</p> <p><b>Impairment</b></p> <p>The Board is currently deliberating aspects of the current expected credit loss model that it exposed for comment in 2012 and is expected to issue a final standard in the first half of 2015. At its October 29, 2014, meeting, the FASB discussed credit impairment disclosures. The FASB tentatively decided on disclosure requirements for (1) factors that influenced management’s estimates, (2) policies for determining write-offs, (3) reasonable and supportable forecasts, (4) nonaccrual status, (5) collateralized financial assets, and (6) past-due status. The Board directed the staff to perform additional outreach related to the rollforward disclosure of allowance and amortized cost balances. For more information, see Deloitte’s August 20, 2013, <a href="#">Heads Up</a> and <a href="#">August 14, 2014</a>; <a href="#">September 4, 2014</a>; and <a href="#">October 30, 2014</a>, <a href="#">journal entries</a>.</p> <p><b>Hedging</b></p> <p>On November 5, 2014, the FASB added the hedge accounting project to its technical agenda. In deliberating the project, the FASB will discuss (1) hedge effectiveness requirements, (2) component hedging, (3) possible elimination of the shortcut and critical-terms-match methods, (4) voluntary dedesignation of hedging relationships, (5) recognition of ineffectiveness for cash flow underhedges, (6) benchmark interest rates, (7) simplification of hedge documentation requirements, and (8) presentation and disclosure matters. For more information, see Deloitte’s November 6, 2014, <a href="#">journal entry</a>.</p>

<sup>1</sup> The quoted material related to the projects’ objectives is from the respective project pages on the FASB’s Web site.

Accounting for goodwill for public business entities and not-for-profit entities	The purpose of this project is to “reduce the cost and complexity of the subsequent accounting for goodwill for public business entities and not-for-profit entities.”	On November 5, 2014, the FASB discussed the results of its post-implementation review of IFRS 3 and directed the staff to continue researching (1) the amortization of goodwill, (2) the useful life of goodwill, and (3) simplifying the impairment test.
Accounting for identifiable intangible assets in a business combination for public business entities and not-for-profit entities	The purpose of the project is to “evaluate whether certain intangible assets should be subsumed into goodwill, with a focus on customer relationships and noncompete agreements.”	The FASB has not yet begun deliberating this project.
Accounting for income taxes: intra-entity asset transfers and balance sheet classifications of deferred taxes	<p>The purpose of this project is to “simplify accounting for income taxes by:</p> <p>[1.] Eliminating the requirement in GAAP for entities that present a classified statement of financial position to classify deferred tax assets and liabilities as current and noncurrent, and instead requiring that they classify all deferred tax assets and liabilities as noncurrent in the statement of financial position.</p> <p>[2.] Eliminating the prohibition in GAAP on the recognition of income taxes for the intra-entity differences between the tax basis of the assets in a buyer’s tax jurisdiction and their cost as reported in the consolidated financial statements, and instead requiring recognition of the income tax consequences associated with an intra-entity transfer when the transfer occurs.”</p>	On October 22, 2014, the FASB tentatively decided that (1) current and deferred tax assets and liabilities related to an intra-entity asset transfer would be recognized and (2) deferred income tax assets and liabilities would be presented as noncurrent in the statement of financial condition. The FASB is expected to issue a proposed ASU in the first quarter of 2015. For more information, see Deloitte’s October 24, 2014, <a href="#">journal entry</a> .
Accounting issues in employee benefit plan financial statements (EITF Issue 15-C)	<p>The purpose of this project is to address issues related to:</p> <ul style="list-style-type: none"> <li>• Differences between the level of detail provided under the ASC 820 fair value measurement disclosure requirements and that provided under the disclosure requirements in the Codification topics on plan accounting (ASC 960, ASC 962, and ASC 965).</li> <li>• Discrepancies in the requirements for disaggregating assets within those disclosures.</li> <li>• Inconsistencies between the measurement requirements in ASC 820 and those in the Codification topics on plan accounting with respect to fully benefit-responsive investment contracts.</li> </ul>	At its November 5, 2014, meeting, the FASB added this project to the EITF’s agenda. The EITF has not yet begun deliberating the project.
Application of the normal purchases and normal sales (NPNS) scope exception to certain electricity contracts in nodal energy markets (EITF Issue 15-A)	The purpose of this project is to address whether certain contracts for the physical delivery of electricity meet the physical delivery criterion under the NPNS scope exception.	At its November 5, 2014, meeting, the FASB added this project to the EITF’s agenda. The EITF has not yet begun deliberating the project.

<p>Clarifying the definition of a business</p>	<p>The purpose of this project is to “clarify the definition of a business with the objective of addressing whether transactions involving in-substance nonfinancial assets (held directly or in a subsidiary) should be accounted for as acquisitions (or disposals) of nonfinancial assets or as acquisitions (or disposals) of businesses. The project will include clarifying the guidance for partial sales or transfers and the corresponding acquisition of partial interests in a nonfinancial asset or assets.”</p>	<p>The FASB began deliberating this project on October 8, 2014, when it discussed (1) the definition of a business, (2) in-substance nonfinancial assets, (3) partial sales and retained interests, and (4) other asset-versus-entity differences. At its December 17, 2014, meeting, the FASB discussed the definition of a business and made certain tentative decisions, including (1) a business must include inputs and one or more substantive processes to create outputs and (2) the definition of a business would retain the notion of “capable” as well as the market-participant concept. The Board instructed the staff to conduct additional research related to (1) revising the definition of outputs, (2) clarifying guidance on how to analyze an acquisition from a market participant’s perspective, and (3) adding a de minimis or similar threshold to the definition of a business as well as indicators to consider in this assessment. In addition, the FASB deferred its decision of whether to provide illustrative examples related to applying the definition of a business until further research has been conducted. For more information, see Deloitte’s December 18, 2014, <a href="#">journal entry</a> and US GAAP Plus <a href="#">news article</a>.</p>
<p>Consolidation: principal-versus-agent analysis</p>	<p>The purpose of this project is to “[p]rovide criteria for a reporting entity to evaluate whether a decision maker is using its power as a princip[al] or agent, [e]liminate inconsistencies in evaluating kick-out and participating rights, [and] [a]mend the requirements for evaluating whether a general partner controls a limited partnership.”</p>	<p>On November 12, 2014, the FASB staff informed the Board that a significant number of comments were received on an external review draft of the proposed guidance. At its December 10, 2014, meeting, the Board discussed significant items raised during the external review process and tentatively decided that (1) entities within the scope of the Investment Company Act of 1940 should be assessed for consolidation under the proposed VIE guidance and (2) kick-out rights held by the GP, entities under common control, and other parties acting on behalf of the GP should not be included in the consolidation analysis. A final ASU is expected to be issued in the first quarter of 2015. For more information, see Deloitte’s <a href="#">November 12, 2014</a>, and <a href="#">December 11, 2014</a>, journal entries.</p>
<p>Customer’s accounting for fees in a cloud computing arrangement</p>	<p>The purpose of this project is to “provide guidance to customers about whether a cloud computing arrangement includes a software license.”</p>	<p>On August 20, 2014, the FASB issued an <a href="#">ED</a> that provides guidance on a customer’s accounting for fees paid in a cloud computing arrangement on the basis of whether the arrangement contains a software license element. For more information, see Deloitte’s August 20, 2014, <a href="#">journal entry</a>.</p>

Employee share-based payment accounting improvements	The purpose of this project is to “reduce the cost and complexity and to improve the accounting for share-based payment awards issued to employees for public and private companies.”	On October 8, 2014, the FASB added this project to its agenda to improve (1) minimum statutory withholding requirements, (2) presentation of certain employee taxes paid in the statement of cash flows, (3) accounting for forfeitures, (4) accounting for income taxes upon vesting or settlement of awards, and (5) presentation of excess tax benefits in the statement of cash flows. At its December 17, 2014, meeting, the FASB tentatively decided to (1) provide an alternative for private companies to estimate the expected term of an award, (2) offer private companies a one-time election related to measuring an award classified as a liability at intrinsic value rather than fair value, (3) provide uniform classification of shares with embedded contingent put and call options solely within the employee’s control, and (4) maintain the current definition of a public entity with respect to applying practical expedients (both current and proposed). The Board directed the staff to conduct additional research related to (1) the disclosure requirements in ASC 718 in the context of the disclosure framework project and (2) providing an alternative for private companies to classify share-based payments as liabilities and measure them at intrinsic value.
Insurance: targeted improvements to the accounting for long-duration contracts	The purpose of this project is to “develop targeted improvements to insurance accounting. Those improvements may address recognition, measurement, presentation, and disclosure requirements for long-duration insurance contracts.”	In March 2014, the FASB decided to limit the scope of the project and focus on targeted improvements to existing GAAP. In November 2014, the FASB discussed what discount rate should be used in an insurance contract that is currently discounted under the expected investment yield method and tentatively decided that the discount rate should be based on a portfolio of high-quality fixed-income investments. For more information, see Deloitte’s November 20, 2014, <a href="#">journal entry</a> .
Liabilities and equity: short-term improvements	The purpose of this project is to “simplify the accounting guidance related to financial instruments with characteristics of liabilities and equity.”	On November 5, 2014, the FASB added this project to its agenda and decided to address certain issues, including (1) determining whether an instrument is indexed to an entity’s own stock; (2) the indefinite deferral related to mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable noncontrolling interests; (3) freestanding contracts indexed to, and potentially settled in, an entity’s own stock; and (4) navigating the Codification.
Leases	The purpose of this project is to “increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information.”	The Board is redeliberating the proposals in its May 2013 ED. At its October 22, 2014, meeting, the Board directed the staff to perform additional outreach regarding the application of the lease-definition guidance. At its December 16, 2014, meeting, the Board tentatively decided to retain the ED’s approach for evaluating whether a customer has obtained, or has the ability to obtain, substantially all of the economic benefits from directing the use of the underlying asset. For more information, see Deloitte’s <a href="#">August 28, 2014</a> ; <a href="#">October 23, 2014</a> ; and <a href="#">December 16, 2014</a> , journal entries.
Recognition of breakage for no-cash prepaid cards (EITF Issue 15-B)	The purpose of this project is to address “whether and when an entity should derecognize a prepaid card liability that exists before redemption of the card at a third-party merchant.”	At its November 5, 2014, meeting, the FASB added this project to the EITF’s agenda. The EITF has not yet begun deliberating the project.

Simplifying the measurement date for plan assets	The purpose of this project is to “reduce costs by aligning the measurement date of defined benefit plan assets with the date that valuation information and the fair values of plan assets are provided by third-party service providers.”	In August 2014, the FASB decided to propose that “an employer with a fiscal year-end that does not fall at the end of a month may make an accounting policy election to (1) measure plans assets as of the end of the month that is closest to its fiscal year-end and (2) measure the defined benefit liability as of that alternative measurement date.” On October 14, 2014, the FASB issued an <a href="#">ED</a> . Comments were due by December 15, 2014.
Simplifying the subsequent measurement of inventory	The purpose of this project is to “reduce the cost and complexity of the subsequent measurement of inventory while maintaining or improving the usefulness of the information required to be reported by an entity.”	On July 17, 2014, the FASB issued an <a href="#">ED</a> . At its December 17, 2014, meeting, the Board discussed comments received on the ED with respect to applying the lower-of-cost-and-net-realizable-value measurement concept to the (1) last-in, first-out method and (2) retail inventory measurement method. The Board decided to retain the scope of the project and directed the staff to further research the above measurement methods. For more information, see Deloitte’s <a href="#">July 22, 2014</a> , and <a href="#">December 17, 2014</a> , journal entries.
Technical corrections and improvements	The purpose of this project is to “provide regular updates and improvements to the [Codification] based on feedback received from constituents.”	On September 15, 2014, the FASB issued an <a href="#">ED</a> ; comments were due by December 1, 2014. For more information, see Deloitte’s September 16, 2014, US GAAP Plus <a href="#">news article</a> .

**Presentation and Disclosure Projects**

Clarifying certain existing principles related to the statement of cash flows	The purpose of this project is to “to reduce diversity in practice in financial reporting by clarifying certain existing principles in [ASC 230], including providing additional guidance on how and what an entity should consider in determining the classification of certain cash flows.”	The FASB has not yet begun deliberating this project. The FASB staff is conducting additional research and outreach.
Disclosure framework	The disclosure framework project consists of two phases: (1) the FASB’s decision process and (2) the entity’s decision process. The overall objective of the project is to “improve the effectiveness of disclosures in notes to financial statements by clearly communicating the information that is most important to users of each entity’s financial statements. (Although reducing the volume of the notes to financial statements is not the primary focus, the Board hopes that a sharper focus on important information will result in reduced volume in most cases.)”	<p><b>FASB’s Decision Process</b></p> <p>On March 4, 2014, the FASB issued an <a href="#">ED</a> of a proposed concepts statement that would add a new chapter to the Board’s conceptual framework for financial reporting. Comments on the ED were due by July 14, 2014. For more information, see Deloitte’s March 6, 2014, <a href="#">Heads Up</a>.</p> <p>At its November 19, 2014, meeting, the FASB tentatively decided to (1) modify the description of materiality in Concepts Statement 8 “to explain that materiality is a legal concept that varies by jurisdiction” and “include the U.S. Supreme Court’s description” and (2) “[r]etain the notion that materiality is an entity-specific judgment . . . different from relevance, which is assessed by the Board.”</p> <p><b>Entity’s Decision Process</b></p> <p>The FASB staff is currently analyzing ways to “further promote the appropriate use of discretion” by entities. This process will take into account “section-specific modifications” to ASC 820, ASC 330, ASC 715, and ASC 740.</p>

Effects on historical earnings per unit of master limited partnership (MLP) dropdown transactions (EITF Issue 14-A)	The purpose of this project is to address diversity in practice in the presentation of “earnings per unit for periods before the date of a dropdown transaction that occurs after formation of a master limited partnership.”	The EITF reached a consensus that upon the occurrence of a dropdown transaction occurring after initial formation of an MLP and accounted for as a reorganization of entities under common control, the MLP would allocate “the net income (loss) of the transferred business prior to the date of the dropdown transaction entirely to the GP as if only the GP had rights to that net income (loss).” On October 30, 2014, the FASB issued an <a href="#">ED</a> ; comments are due by January 15, 2015. For more information, see Deloitte’s September <a href="#">EITF Snapshot</a> .
Fair value hierarchy levels for certain investments measured at net asset value (EITF Issue 14-B)	The purpose of this project is to address “diversity in practice related to how certain investments measured at net asset value with redemption dates in the future (including periodic redemption dates) are categorized within the fair value hierarchy.”	The EITF reached a consensus that certain investments for which fair value is measured at net asset value would no longer need to be categorized in the fair value hierarchy. On October 30, 2014, the FASB issued an <a href="#">ED</a> ; comments are due by January 15, 2015. For more information, see Deloitte’s September <a href="#">EITF Snapshot</a> .
Financial statements of not-for-profit entities	The purpose of this project is to “reexamine existing standards for financial statement presentation by not-for-profit entities, focusing on improving: <ol style="list-style-type: none"> <li>1. Net asset classification requirements</li> <li>2. Information provided in financial statements and notes about liquidity, financial performance, and cash flows.”</li> </ol>	At its August 27, 2014, meeting, the FASB tentatively decided to require not-for-profit entities to disclose salaries and benefits expense, cost allocation, and tax-exempt status. The Board is expected to issue an ED in the first quarter of 2015. At its October 8, 2014, meeting, the FASB discussed and made tentative decisions related to the treatment of (1) capital-like transactions and (2) board designations, appropriations, and similar transfers.
Government assistance disclosures	The purpose of this project is to “develop disclosure requirements about government assistance that improves the content, quality and comparability of financial information and financial statements and that is responsive to the emerging issues in the changing financial and economic environment in which reporting entities operate.”	The FASB began deliberating this project on October 8, 2014, and discussed scope issues. At its December 17, 2014, meeting, the FASB discussed the types of arrangements that the newly developed disclosure requirements should apply to. The Board focused on four key areas: <ol style="list-style-type: none"> <li>1. Disclosures “required for arrangements that are the result of a contract in which the entity receives value or benefit from the government.”</li> <li>2. Items to which disclosures would not apply: <ol style="list-style-type: none"> <li>a. “Assistance received from a government as the result of law entitling an entity to receive value or benefits simply by meeting eligibility requirements” or</li> <li>b. “Transactions between an entity and a government in which the government is a customer. If a contract has multiple components, only components of the contract in which the government is a customer would be exempt from disclosure requirements.”</li> </ol> </li> <li>3. “The Board tentatively decided not to exclude a transaction in which the government participates in the ownership of an entity if it meets the criterion in (1) above.”</li> <li>4. The Board decided that in this project, government “refers to domestic and foreign local, regional, and national governments, related governmental entities, and intergovernmental organizations.”</li> </ol>

Insurance: disclosures about short-duration contracts	The purpose of this project is to “develop targeted improvements to disclosures about short-duration insurance.”	In August 2014, the FASB confirmed previous decisions reached about disclosures for short-duration insurance contracts. It also voted to proceed with issuing a final ASU; however, the Board decided that it will provide a four-week fatal-flaw review period for the staff draft of the ASU. The Board will consider such feedback at a future meeting before taking a final vote on the ASU. For more information, see Deloitte’s August 14, 2014, <a href="#">journal entry</a> . The FASB is expected to issue a final standard in the first quarter of 2015.
Investment companies: disclosures about investments in another investment company	The purpose of this project is to “require disclosures in an investment company’s financial statements that will provide transparency into the risks, returns, and expenses of an investee that is also an investment company.”	The Board directed the staff to draft a proposed ASU and is seeking comments on its previous tentative decisions that (1) “[a] feeder fund should attach the master fund’s financial statements along with its [own] financial statements” and (2) “[a]ll investments companies should disclose each investment owned by an investee fund that exceeds 5 percent of the reporting investment company’s net assets at the reporting date.” The Board is expected to issue an ED in the fourth quarter of 2014. For more information, see Deloitte’s <a href="#">April 4, 2014</a> , and <a href="#">July 31, 2014</a> , journal entries.
Simplifying income statement presentation by eliminating extraordinary items	The purpose of this project is to “reduce the cost and complexity of income statement presentation by eliminating the concept of extraordinary items while maintaining or improving the usefulness of the information provided to the users of financial statements.”	On July 15, 2014, the FASB issued an <a href="#">ED</a> that would eliminate the classification of an extraordinary item from U.S. GAAP. For more information, see Deloitte’s July 22, 2014, <a href="#">journal entry</a> . Comments on the ED were due by September 30, 2014. The Board is expected to issue a final ASU in the fourth quarter of 2014.  At its October 29, 2014, meeting, the FASB affirmed its decision to remove extraordinary items from U.S. GAAP and voted to proceed with issuing an ASU.  The Board tentatively decided to allow either prospective or retrospective application of the guidance. (Prospective application will require disclosure of “both the nature and amount of an item included in income from continuing operations after adoption that relates to an adjustment of an item previously separately classified and presented as an extraordinary item before adoption, if applicable.”) The ASU will be effective for periods beginning after December 15, 2015, for both public and nonpublic entities. Early adoption is permitted when the guidance is applied from the beginning of the reporting period in the year of adoption.
Simplifying the balance sheet classification of debt	The purpose of this project is to “reduce cost and complexity by replacing the fact-pattern specific guidance in GAAP with a principle to classify debt as current or noncurrent based on the contractual terms of a debt arrangement and an entity’s current compliance with debt covenants.”	The FASB has not yet begun substantively deliberating this project.
Simplifying the presentation of debt issuance costs	The purpose of this project is to “simplify the accounting [for debt issuance costs] by aligning the presentation of debt discount or premium and issuance costs.”	In August 2014, the FASB decided that “debt issuance costs should be considered a reduction of the debt liability for presentation purposes.” The FASB issued an <a href="#">ED</a> on October 14, 2014; comments are due by December 15, 2014. For more information, see Deloitte’s October 14, 2014, <a href="#">Heads Up</a> .

## Appendix C: Significant Adoption Dates and Deadlines

The chart below illustrates significant adoption dates and deadline dates for FASB/EITF, AICPA, SEC, PCAOB, GASB, FASAB, and IASB/IFRIC standards and proposals. Content added or revised since the previous issue of *Accounting Roundup* is highlighted in green.

FASB/EITF	Affects	Status
<b>Final Guidance</b>		
ASU 2014-17, <i>Pushdown Accounting</i> — a consensus of the FASB Emerging Issues Task Force (issued November 18, 2014)	Separate financial statements of an acquired entity and its subsidiaries that are a business or nonprofit activity (either public or nonpublic) upon the occurrence of an event in which an acquirer (an individual or an entity) obtains control of the acquired entity.	Effective November 18, 2014.
ASU 2014-16, <i>Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity</i> — a consensus of the FASB Emerging Issues Task Force (issued November 3, 2014)	Entities that are issuers of, or investors in, hybrid financial instruments that are issued in the form of a share.	For public business entities, the amendments in the ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption, including adoption in an interim period, is permitted.
ASU 2014-15, <i>Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern</i> (issued August 27, 2014)	All entities.	Effective for annual periods ending after December 15, 2016, and interim periods thereafter. Early adoption is permitted.
ASU 2014-14, <i>Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure</i> — a consensus of the FASB Emerging Issues Task Force (issued August 8, 2014)	Creditors that hold government-guaranteed mortgage loans, including those guaranteed by the Federal Housing Administration and the U.S. Department of Veterans Affairs.	For public business entities, the amendments in the ASU are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For all other entities, the amendments are effective for annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. Early adoption, including adoption in an interim period, is permitted if the entity already has adopted ASU 2014-04.
ASU 2014-13, <i>Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity</i> — a consensus of the FASB Emerging Issues Task Force (issued August 5, 2014)	A reporting entity that is required to consolidate a collateralized financing entity under the variable interest entities subsections of ASC 810-10 when (1) the reporting entity measures all of the financial assets and the financial liabilities of that consolidated collateralized financing entity at fair value in the consolidated financial statements on the basis of other Codification topics and (2) the changes in the fair values of those financial assets and financial liabilities are reflected in earnings.	For public business entities, the amendments in the ASU are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments are effective for annual periods ending after December 15, 2016, and interim periods beginning after December 15, 2016. Early adoption is permitted as of the beginning of an annual period.
ASU 2014-12, <i>Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period</i> — a consensus of the FASB Emerging Issues Task Force (issued June 19, 2014)	Reporting entities that grant their employees share-based payments in which the terms of the award stipulate that a performance target that affects vesting could be achieved after the requisite service period.	Effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. The effective date for public business entities is the same as that for all other entities.

<p>ASU 2014-11, <i>Transfers and Servicing: Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures</i> (issued June 12, 2014)</p>	<p>Entities that enter into repurchase-to-maturity transactions or repurchase financings.</p>	<p>For public business entities, the accounting changes in the ASU are effective for the first interim or annual period beginning after December 15, 2014. For all other entities, the accounting changes are effective for annual periods beginning after December 15, 2014, and interim periods beginning after December 15, 2015. Early application for a public business entity is prohibited; however, all other entities may elect to apply the requirements for interim periods beginning after December 15, 2014.</p>
<p>ASU 2014-10, <i>Development Stage Entities (ASC 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation</i> (issued June 10, 2014)</p>	<p>Development-stage entities under U.S. GAAP, and reporting entities that may hold an interest in an entity that is a development-stage entity.</p>	<p>For public entities, the ASU is effective for annual reporting periods beginning after December 15, 2014, and interim periods therein. For other entities, the ASU is effective for annual reporting periods beginning after December 15, 2014, and interim reporting periods beginning after December 15, 2015.</p> <p>For public business entities, the amendment eliminating the exception to the sufficiency-of-equity-at-risk criterion for development-stage entities in ASC 810-10-15-16 should be applied retrospectively for annual reporting periods beginning after December 15, 2015, and interim periods therein. For all other entities, the amendments to ASC 810 should be applied retrospectively for annual reporting periods beginning after December 15, 2016, and interim reporting periods beginning after December 15, 2017. Early application is permitted for any annual reporting period or interim period for which the entity's financial statements have not yet been made available for issuance.</p>
<p>ASU 2014-09, <i>Revenue From Contracts With Customers</i> (issued May 28, 2014)</p>	<p>All entities.</p>	<p>For public entities, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Early application is not permitted.</p> <p>For nonpublic entities, the ASU is effective for annual reporting periods beginning after December 15, 2017, and interim reporting periods within annual reporting periods beginning after December 15, 2018. Nonpublic entities may also elect to apply the ASU as of (1) the same effective date as that for public entities (annual reporting periods beginning after December 15, 2016, including interim periods); (2) annual periods beginning after December 15, 2016 (excluding interim reporting periods); or (3) annual periods beginning after December 15, 2017 (including interim reporting periods).</p>
<p>ASU 2014-08, <i>Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity</i> (issued April 10, 2014)</p>	<p>Entities that have either of the following:</p> <ol style="list-style-type: none"> <li>1. A component of an entity that either is disposed of or meets the criteria in ASC 205-20-45-1E to be classified as held for sale.</li> <li>2. A business or nonprofit activity that, on acquisition, meets the criteria in ASC 205-20-45-1E to be classified as held for sale.</li> </ol>	<p>Public business entities will apply the new ASU prospectively to all disposals (or classifications as held for sale) that occur in annual periods (and interim periods therein) beginning on or after December 15, 2014. For all other entities, the new ASU will be effective prospectively for annual periods beginning on or after December 15, 2014, and interim periods thereafter. Early adoption is permitted for any annual or interim period for which an entity's financial statements have not yet been previously issued or made available for issuance.</p>

<p>ASU 2014-07, <i>Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements</i> — a consensus of the Private Company Council (issued March 20, 2014)</p>	<p>All entities other than public business entities, not-for-profit entities, or employee benefit plans within the scope of ASC 960 through ASC 965 on plan accounting.</p>	<p>Effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early application is permitted, including application to any period for which an entity's annual or interim financial statements have not yet been made available for issuance.</p>
<p>ASU 2014-06, <i>Technical Corrections and Improvements Related to Glossary Terms</i> (issued March 14, 2014)</p>	<p>All entities.</p>	<p>Effective upon issuance for both public and nonpublic entities.</p>
<p>ASU 2014-05, <i>Service Concession Arrangements</i> — a consensus of the FASB Emerging Issues Task Force (issued January 23, 2014)</p>	<p>Operating entities in a service concession arrangement entered into with a public-sector entity grantor when the grantor (1) controls or has the ability to modify or approve the services that the operating entity must provide with the infrastructure, to whom it must provide them, and at what price, and (2) controls, through ownership, beneficial entitlement, or otherwise, any residual interest in the infrastructure at the end of the term of the arrangement.</p>	<p>For public business entities, the ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For entities other than public business entities, the ASU is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted. The ASU should be applied on a modified retrospective basis to service concession arrangements that exist at the beginning of an entity's fiscal year of adoption.</p>
<p>ASU 2014-04, <i>Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure</i> — a consensus of the FASB Emerging Issues Task Force (issued January 17, 2014)</p>	<p>Creditors who obtain physical possession (resulting from an in-substance repossession or foreclosure) of residential real estate property collateralizing a consumer mortgage loan in satisfaction of a receivable.</p>	<p>For public business entities, the ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For entities other than public business entities, the ASU is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015.</p>
<p>ASU 2014-03, <i>Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps — Simplified Hedge Accounting Approach</i> — a consensus of the Private Company Council (issued January 16, 2014)</p>	<p>All entities except public business entities and not-for-profit entities as defined in the Master Glossary of the <i>FASB Accounting Standards Codification</i>, employee benefit plans within the scope of ASC 960 through ASC 965 on plan accounting, and financial institutions.</p>	<p>Effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015, with early adoption permitted. Private companies have the option of applying the amendments in this ASU by using either a modified retrospective approach or a full retrospective approach. Early application is permitted for any period for which the entity's financial statements have not yet been made available for issuance.</p>
<p>ASU 2014-02, <i>Accounting for Goodwill</i> — a consensus of the Private Company Council (issued January 16, 2014)</p>	<p>All entities except public business entities and not-for-profit entities as defined in the Master Glossary of the <i>FASB Accounting Standards Codification</i> and employee benefit plans within the scope of ASC 960 through ASC 965 on plan accounting.</p>	<p>The accounting alternative, if elected, should be applied prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early application is permitted, including application to any period for which the entity's annual or interim financial statements have not yet been made available for issuance.</p>
<p>ASU 2014-01, <i>Accounting for Investments in Qualified Affordable Housing Projects</i> — a consensus of the FASB Emerging Issues Task Force (issued January 15, 2014)</p>	<p>For reporting entities that meet the conditions, and that elect to use the proportional-amortization method, to account for investments in qualified affordable housing projects, all amendments in this ASU apply. For reporting entities that do not meet the conditions or that do not elect the proportional-amortization method, only the disclosure-related amendments in this ASU apply.</p>	<p>The amendments in this ASU are effective for public business entities for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2014. For all entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2014, and interim periods within annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The amendments in this ASU should be applied retrospectively to all periods presented.</p>

ASU 2013-12, <i>Definition of a Public Business Entity — An Addition to the Master Glossary</i> (issued December 23, 2013)	The FASB and PCC will use the definition of a public business entity in considering the scope of new financial guidance and will identify whether the guidance applies to public business entities.	No actual effective date. However, the term public business entity is used in ASU 2014-02 and ASU 2014-03, which are the first ASUs that use the term “public business entity.”
ASU 2013-11, <i>Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists — a consensus of the FASB Emerging Issues Task Force</i> (issued July 18, 2013)	Entities with unrecognized tax benefits for which a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists as of the reporting date.	Effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. For nonpublic entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Retrospective application is permitted.
ASU 2013-06, <i>Services Received From Personnel of an Affiliate — a consensus of the FASB Emerging Issues Task Force</i> (issued April 19, 2013)	Not-for-profit entities, including not-for-profit, business-oriented health care entities, that receive services from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity.	Effective prospectively for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter. A recipient not-for-profit entity may apply the amendments by using a modified retrospective approach under which all prior periods presented on the adoption date should be adjusted but no adjustment should be made to the beginning balance of net assets for the earliest period presented. Early adoption is permitted.
ASU 2013-05, <i>Parent’s Accounting for the Cumulative Translation Adjustment Upon Derecognition of Certain Subsidiaries or Groups of Assets Within a Foreign Entity or of an Investment in a Foreign Entity — a consensus of the FASB Emerging Issues Task Force</i> (issued March 4, 2013)	Entities with foreign subsidiaries or foreign investments.	For public entities, the ASU is effective for fiscal years (and interim periods within those fiscal years) beginning after December 15, 2013. For nonpublic entities, the ASU is effective for the first annual period beginning on or after December 15, 2014, and interim and annual periods thereafter. Early adoption will be permitted for both public and nonpublic entities. The ASU should be applied prospectively from the beginning of the fiscal year of adoption.
ASU 2013-04, <i>Obligations Resulting From Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date — a consensus of the FASB Emerging Issues Task Force</i> (issued February 28, 2013)	Entities that are jointly and severally liable with other entities.	For public entities, the ASU is effective for fiscal years beginning after December 15, 2013 (and interim reporting periods within those years). For nonpublic entities, the ASU is effective for the first annual period ending on or after December 15, 2014, and interim and annual periods thereafter. The ASU should be applied retrospectively to obligations with joint-and-several liabilities existing at the beginning of an entity’s fiscal year of adoption. Entities that elect to use hindsight in measuring their obligations during the comparative periods must disclose that fact. Early adoption is permitted.

**Projects in Request-for-Comment Stage**

Proposed ASU, <i>Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions — a consensus of the FASB Emerging Issues Task Force</i> (issued October 30, 2014)	Master limited partnerships that are subject to the subsections in ASC 260 on master limited partnerships and that “receive net assets through a dropdown transaction that is accounted for” under the subsections in ASC 805-50 on transactions between entities under common control.	Comments due January 15, 2015.
Proposed ASU, <i>Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) — a consensus of the FASB Emerging Issues Task Force</i> (issued October 30, 2014)	Entities that choose to use the net asset value (or its equivalent) of an investment within the scope of ASC 820-10-15-4 and 15-5 to estimate the fair value of the investment.	Comments due January 15, 2015.

Proposed ASU, <i>Financial Services — Investment Companies: Disclosures About Investments in Other Investment Companies</i> (issued December 4, 2014)	Investment companies within the scope of ASC 946 that have investments in other investment companies. The amendments would apply to both investment companies regulated under the Investment Company Act of 1940 and those that are not regulated under that act.	Comments due February 17, 2015.
<b>AICPA</b>	<b>Affects</b>	<b>Status</b>
<b>Final Guidance</b>		
SAS 128, <i>Using the Work of Internal Auditors</i> (issued February 17, 2014)	Auditors.	Effective for audits of financial statements for periods ending on or after December 15, 2014.
SAS 129, <i>Amendment to Statement on Auditing Standards No. 122 Section 920, Letters for Underwriters and Certain Other Requesting Parties, as Amended</i> (issued July 28, 2014)	Auditors that issue comfort letters.	Effective for comfort letters issued on or after December 15, 2014. Early implementation is encouraged.
SSARS 21, <i>Statements on Standards for Accounting and Review Services: Clarification and Recodification</i> (issued October 23, 2014)	Entities that perform accounting and review services.	Effective for reviews, compilations, and engagements to prepare financial statements for periods ending on or after December 15, 2015.
<b>Projects in Request-for-Comment Stage</b>		
Exposure Draft, <i>Peer Reviewer Performance, Disagreements and Qualifications</i> (issued November 18, 2014)	Auditors.	Comments due January 2, 2015.
Exposure Draft, <i>Preparation of Financial Statements Performed Under SSARS and the Impact on Enrollment in and the Scope of Peer Review</i> (issued November 18, 2014)	Auditors.	Comments due January 2, 2015.
<b>SEC</b>	<b>Affects</b>	<b>Status</b>
<b>Final Guidance</b>		
Final Rule, <i>Regulation Systems Compliance and Integrity</i> (34-73639) (issued November 19, 2014)	Certain self-regulatory organizations (including registered clearing agencies), alternative trading systems, plan processors, and exempt clearing agencies.	Effective 60 days after the date of its publication in the <i>Federal Register</i> .
Final Rule, <i>Credit Risk Retention</i> (34-73407) (issued October 22, 2014)	SEC registrants.	Effective one year after the date of publication in the <i>Federal Register</i> with respect to asset-backed securities collateralized by residential mortgages and two years after the date of publication in the <i>Federal Register</i> with respect to all other classes of asset-backed securities.
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-9668) (issued October 20, 2014)	SEC registrants.	Effective October 29, 2014
Final Rule, <i>Delegation of Authority to the Chief Financial Officer</i> (34-73229) (issued September 26, 2014)	SEC registrants.	Effective September 29, 2014.
Final Rule, <i>Asset-Backed Securities Disclosure and Registration</i> (33-9638) (issued September 4, 2014)	Entities that offer asset-backed securities under the Securities Exchange Act of 1933.	Effective November 24, 2014.
Final Rule, <i>Nationally Recognized Statistical Rating Organizations</i> (34-72936) (issued August 27, 2014)	Nationally recognized statistical rating organizations.	Effective November 14, 2014, except that the amendments to Sections 240.17g-3(a)(7) and (b)(2) and Form NRSRO become effective on January 1, 2015, and the amendments to Sections 240.17g-2(a)(9), (b)(13), (b)(14), and (b)(15); 240.17g-5(a)(3)(iii)(E), (c)(6), (c)(7), and (c)(8); 240.17g-7(a) and (b); and Form ABS-15G become effective on June 15, 2015.

Final Rule, <i>Money Market Fund Reform; Amendments to Form PF</i> (33-9616) (issued July 23, 2014)	SEC registrants.	Effective October 14, 2014.
Final Rule, Application of “Security-Based Swap Dealer” and “Major Security-Based Swap Participant” Definitions to Cross-Border Security-Based Swap Activities (34-72472) (issued June 25, 2014)	SEC registrants.	Effective September 8, 2014.
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-9600) (issued June 16, 2014)	SEC registrants.	Effective June 20, 2014.
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-9554) (issued March 4, 2014)	SEC registrants.	Effective March 10, 2014.
Final Rule, <i>Registration of Municipal Advisors</i> (34-70462 and 34-71288) (issued September 20, 2013, and January 13, 2014)	Municipal advisers.	Effective July 1, 2014, except that amendatory instruction 11 removing Section 249.1300T becomes effective on January 1, 2015.
Final Rule, <i>Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds</i> (BHCA-1) (issued December 10, 2013)	Banking entities.	Effective April 1, 2014.
Final Rule, <i>Broker-Dealer Reports</i> (34-70073) (issued July 30, 2013)	Broker-dealers.	Effective June 1, 2014, except the amendment to Section 240.17a-5(e)(5), which becomes effective on October 21, 2013, and the amendments to Section 240.17a-5(a) and (d)(6) and Section 249.639, which become effective on December 31, 2013.
Final Rule, <i>Lost Securityholders and Unresponsive Payees</i> (34-68668) (issued January 16, 2013)	SEC registrants.	Effective March 25, 2013; compliance date is January 23, 2014.
Final Rule, <i>Temporary Rule Regarding Principal Trades With Certain Advisory Clients</i> (IA-3522) (issued December 21, 2012)	SEC registrants.	Effective December 28, 2012, and the expiration date for 17 CFR 275.206(3)-3T is extended to December 31, 2014.
Interim Final Temporary Rule, <i>Extension of Exemptions for Security-Based Swaps</i> (33-9545) (issued February 5, 2014)	SEC registrants.	Effective February 10, 2014. The expiration dates in Interim Final Rule 240 under the Securities Act, Interim Final Rules 12a-11 and 12h-1(i) under the Exchange Act, and Interim Final Rule 4d-12 under the Trust Indenture Act will be extended to February 11, 2017.
Interim Final Temporary Rule, <i>Treatment of Certain Collateralized Debt Obligations Backed Primarily by Trust Preferred Securities With Regard to Prohibitions and Restrictions on Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds</i> (BHCA-2) (issued January 17, 2014)	Banking entities.	Effective April 1, 2014.
Interim Final Temporary Rule, <i>Extension of Temporary Registration of Municipal Advisors</i> (34-70468) (issued September 23, 2013)	Municipal advisers.	Effective September 30, 2013. The expiration of the effective period of Interim Final Temporary Rule 15BA2-6T and Form MA-T is delayed from September 30, 2013, to December 31, 2014.

### Project in Request-for-Comment Stage

Proposed Rule, <i>Changes to Exchange Act Registration Requirements to Implement Title V and Title VI of the JOBS Act</i> (33-9693) (issued December 18, 2014)	SEC registrants.	Comments due 60 days after the date of the proposed rule’s publication in the <i>Federal Register</i> .
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### PCAOB

### Affects

### Status

### Final Guidance

Auditing Standard 18, <i>Amendments to Certain PCAOB Auditing Standards Regarding Significant Unusual Transactions, and Other Amendments to PCAOB Auditing Standards</i> (issued June 10, 2014)	Auditors of public entities.	Effective for audits of financial statements for fiscal years beginning on or after December 15, 2014, including reviews of interim financial information within those fiscal years.
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Auditing Standard 17, <i>Auditing Supplemental Information Accompanying Audited Financial Statements</i> (issued October 10, 2013, and December 19, 2013)	Auditors of public entities.	Effective for audit procedures and reports on supplemental information that accompany financial statements for fiscal years ending on or after June 1, 2014.
Attestation Standards, <i>Examination Engagements Regarding Compliance Reports of Brokers and Dealers</i> , and <i>Review Engagements Regarding Exemption Reports of Brokers and Dealers</i> (issued October 10, 2013)	Independent public accountants of brokers and dealers.	Effective for examination engagements and review engagements for fiscal years ending on or after June 1, 2014.
<b>GASB</b>	<b>Affects</b>	<b>Status</b>
<b>Final Guidance</b>		
Statement 71, <i>Pension Transition for Contributions Made Subsequent to the Measurement Date</i> (issued November 25, 2013)	Governmental entities.	Effective for fiscal years beginning after June 15, 2014.
Statement 68, <i>Accounting and Financial Reporting for Pensions</i> — an amendment of GASB Statement No. 27 (issued June 2012)	Governmental entities.	Effective for financial statements for fiscal years beginning after June 15, 2014. Early application is encouraged.
<b>Projects in Request-for-Comment Stage</b>		
Proposed Statement, <i>The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments</i> (issued February 27, 2014)	Governmental entities.	Comments due December 31, 2014.
Proposed Implementation Guide No. 20XX-1 (issued February 27, 2014)	Governmental entities.	Comments due December 31, 2014.
Proposed Statement, <i>Tax Abatement Disclosures</i> (issued October 20, 2014)	Governmental entities.	Comments due January 30, 2015.
Preliminary Views, <i>Financial Reporting for Fiduciary Responsibilities</i> (issued November 11, 2014)	Governmental entities.	Comments due March 6, 2015.
Preliminary Views, <i>Leases</i> (issued November 11, 2014)	Governmental entities.	Comments due March 6, 2015.
<b>FASAB</b>	<b>Affects</b>	<b>Status</b>
<b>Final Guidance</b>		
Statement 46, <i>Deferral of the Transition to Basic Information for Long-Term Projections</i> (issued October 17, 2014)	U.S. federal government entities.	Effective upon issuance.
Statement 44, <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i> (issued January 3, 2013)	U.S. federal government entities.	Effective for periods beginning after September 30, 2014. Early application is encouraged.
Statement 42, <i>Deferred Maintenance and Repairs — Amending Statements of Federal Financial Accounting Standards 6, 14, 19, and 32</i> (issued April 25, 2012)	U.S. federal government entities.	Effective for periods beginning after September 30, 2014. Early application is encouraged.
Statement 36, <i>Reporting Comprehensive Long-Term Fiscal Projections for the U.S. Government</i> (issued September 28, 2009)	U.S. federal government entities.	This Statement provides for a phased-in implementation, but early implementation is encouraged. All information will be reported as required supplementary information for the first five years of implementation (fiscal years 2010, 2011, 2012, 2013, and 2014). Beginning in fiscal year 2015, the required information will be presented as a basic financial statement, disclosures, and required supplementary information as designated within the standard.
<b>Project in Request-for-Comment Stage</b>		
Proposed Statement, <i>Public-Private Partnerships Disclosure Requirements</i> (issued October 1, 2014)	U.S. federal government entities.	Comments due January 2, 2015.

IASB/IFRIC	Affects	Status
<b>Final Guidance</b>		
<i>Disclosure Initiative</i> — amendments to IAS 1 (issued December 18, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. Entities are not required to disclose the information required by paragraphs 28–30 of IAS 8 in relation to these amendments.
<i>Investment Entities: Applying the Consolidation Exception</i> — amendments to IFRS 10, IFRS 12 and IAS 28 (issued December 18, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.
<i>Annual Improvements to IFRSs: 2012–2014 Cycle</i> (issued September 25, 2014)	Entities reporting under IFRSs.	Varies for each IFRS affected.
<i>Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture</i> — amendments to IFRS 10 and IAS 28 (issued September 11, 2014)	Entities reporting under IFRSs.	Effective prospectively for sales or contributions of assets occurring in annual periods beginning on or after January 1, 2016. Earlier application is permitted. If an entity applies the amendments earlier, it must disclose that fact.
<i>Equity Method in Separate Financial Statements</i> — amendments to IAS 27 (issued August 12, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2016. An entity must apply the amendments retrospectively in accordance with IAS 8. Earlier application is permitted. If an entity applies the amendments to an earlier period, it must disclose that fact.
IFRS 9, <i>Financial Instruments</i> (issued July 24, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.
Agriculture: <i>Bearer Plants</i> — amendments to IAS 16 and IAS 41 (issued June 30, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
IFRS 15, <i>Revenue From Contracts With Customers</i> (issued May 28, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.
<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> — amendments to IAS 16 and IAS 38 (issued May 12, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
<i>Accounting for Acquisitions of Interests in Joint Operations</i> — amendments to IFRS 11 (issued May 6, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
IFRS 14, <i>Regulatory Deferral Accounts</i> (issued January 30, 2014)	Entities reporting under IFRSs.	Effective January 1, 2016. Earlier application is permitted.
<i>Defined Benefit Plans: Employee Contributions</i> — amendments to IAS 19 (issued November 21, 2013)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after July 1, 2014. Earlier application is permitted.
<i>Novation of Derivatives and Continuation of Hedge Accounting</i> — amendments to IAS 39 (issued June 27, 2013)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.
<i>Recoverable Amount Disclosures for Non-Financial Assets</i> — amendments to IAS 36 (issued May 29, 2013)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.
IFRIC Interpretation 21, <i>Levies</i> (issued May 20, 2013)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.
<i>Investment Entities</i> — amendments to IFRS 10, IFRS 12 and IAS 27 (issued October 31, 2012)	Entities reporting under IFRSs.	Effective for reporting periods beginning on or after January 1, 2014. Earlier application is permitted.

<i>Offsetting Financial Assets and Financial Liabilities</i> — amendments to IAS 32 (issued December 16, 2011)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2014. An entity must apply the amendments retrospectively. Earlier application is permitted.
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**Projects in Request-for-Comment Stage**

IASB Discussion Paper DP/2014/2, <i>Reporting the Financial Effects of Rate Regulation</i> (issued September 17, 2014)	Entities reporting under IFRSs.	Comments due January 15, 2015.
IASB Exposure Draft ED/2014/4, <i>Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value</i> — proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36 and Illustrative Examples for IFRS 13 (issued September 16, 2014)	Entities reporting under IFRSs.	Comments due January 16, 2015.
IASB Exposure Draft ED/2014/5, <i>Classification and Measurement of Share-based Payment Transactions</i> — proposed amendments to IFRS 2 (issued November 25, 2014)	Entities reporting under IFRSs.	Comments due March 25, 2015.
IASB Exposure Draft ED/2014/6, <i>Disclosure Initiative</i> — proposed amendments to IAS 7 (issued December 18, 2014)	Entities reporting under IFRSs.	Comments due April 17, 2015.

## Appendix D: Glossary of Standards and Other Literature

- FASB Accounting Standards Update No. 2014-17, *Pushdown Accounting* — a consensus of the FASB Emerging Issues Task Force
- FASB Accounting Standards Update No. 2014-16, *Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity* — a consensus of the FASB Emerging Issues Task Force
- FASB Accounting Standards Update No. 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*
- FASB Accounting Standards Update No. 2014-14, *Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure* — a consensus of the FASB Emerging Issues Task Force
- FASB Accounting Standards Update No. 2014-13, *Measuring the Financial Assets and Financial Liabilities of a Consolidated Collateralized Financing Entity* — a consensus of the FASB Emerging Issues Task Force
- FASB Accounting Standards Update No. 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period* — a consensus of the FASB Emerging Issues Task Force
- FASB Accounting Standards Update No. 2014-11, *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures*
- FASB Accounting Standards Update No. 2014-10, *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation*
- FASB Accounting Standards Update No. 2014-09, *Revenue From Contracts With Customers*
- FASB Accounting Standards Update No. 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*
- FASB Accounting Standards Update No. 2014-07, *Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements* — a consensus of the Private Company Council
- FASB Accounting Standards Update No. 2014-06, *Technical Corrections and Improvements Related to Glossary Terms*
- FASB Accounting Standards Update No. 2014-05, *Service Concession Arrangements* — a consensus of the FASB Emerging Issues Task Force
- FASB Accounting Standards Update No. 2014-04, *Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure* — a consensus of the FASB Emerging Issues Task Force
- FASB Accounting Standards Update No. 2014-03, *Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps — Simplified Hedge Accounting Approach* — a consensus of the Private Company Council
- FASB Accounting Standards Update No. 2014-02, *Accounting for Goodwill* — a consensus of the Private Company Council
- FASB Accounting Standards Update No. 2014-01, *Accounting for Investments in Qualified Affordable Housing Projects* — a consensus of the FASB Emerging Issues Task Force
- FASB Proposed Accounting Standards Update, *Financial Services — Investment Companies (Topic 946)*
- FASB Accounting Standards Codification Topic 946, *Financial Services — Investment Companies*
- FASB Accounting Standards Codification Topic 915, *Development Stage Entities*
- FASB Accounting Standards Codification Topic 860, *Transfers and Servicing*
- FASB Accounting Standards Codification Topic 840, *Leases*
- FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*
- FASB Accounting Standards Codification Topic 815, *Derivatives and Hedging*
- FASB Accounting Standards Codification Topic 810, *Consolidation*
- FASB Accounting Standards Codification Topic 718, *Compensation — Stock Compensation*
- FASB Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers*
- FASB Accounting Standards Codification Topic 605, *Revenue Recognition*
- FASB Accounting Standards Codification Topic 350, *Intangibles — Goodwill and Other*
- FASB Accounting Standards Codification Topic 310, *Receivables*

FASB Accounting Standards Codification Topic 275, *Risks and Uncertainties*

FASB Accounting Standards Codification Subtopic 360-20, *Property, Plant, and Equipment: Real Estate Sales*

FASB Accounting Standards Codification Subtopic 350-20, *Intangibles — Goodwill and Other: Goodwill*

FASB Accounting Standards Codification Subtopic 323-740, *Investments — Equity Method and Joint Ventures: Income Taxes*

FASB Accounting Standards Codification Subtopic 205-20, *Presentation of Financial Statements: Discontinued Operations*

FASB Statement No. 123(R), *Share-Based Payment*

EITF Issue No. 13-G, “Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity”

EITF Issue No. 13-F, “Classification of Certain Government-Guaranteed Residential Mortgage Loans Upon Foreclosure”

EITF Issue No. 13-E, “Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure”

EITF Issue No. 13-B, “Accounting for Investments in Qualified Affordable Housing Projects”

EITF Issue No. 13-D, “Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period”

EITF Issue No. 12-H, “Accounting for Service Concession Arrangements”

EITF Issue No. 12-F, “Pushdown Accounting”

AICPA Statement on Auditing Standards No. 129, *Amendment to Statement on Auditing Standards No. 122 Section 920*, Letters

AICPA Statement on Auditing Standards No. 128, *Using the Work of Internal Auditors*

AICPA Statement on Auditing Standards No. 122, *Letters for Underwriters and Certain Other Requesting Parties*

AICPA Statement on Auditing Standards No. 65, *The Auditor’s Consideration of the Internal Audit Function in an Audit of Financial Statements*

AICPA Statement on Standards for Accounting and Review Services No. 21, *Statements on Standards for Accounting and Review Services: Clarification and Recodification*

AICPA Statement on Standards for Accounting and Review Services No. 19, *Compilation and Review Engagements*

AICPA Statement on Quality Control Standards No. 8, *A Firm’s System of Quality Control*

AICPA *Professional Standards*, AU-C Section 920, “Letters for Underwriters and Certain Other Requesting Parties”

AICPA *Professional Standards*, AU-C Section 610, “The Auditor’s Consideration of the Internal Audit Function in an Audit of Financial Statements”

AICPA *Professional Standards*, AR-C Section 90, “Review of Financial Statements”

AICPA *Professional Standards*, AR-C Section 80, “Compilation Engagements”

AICPA *Professional Standards*, AR-C Section 70, “Preparation of Financial Statements”

AICPA *Professional Standards*, AR-C Section 60, “General Principles for Engagements Performed in Accordance With Statements on Standards for Accounting and Review Services”

AICPA *Professional Standards*, AR Section 120, “Compilation of Pro Forma Financial Information”

AICPA Technical Practice Aids, TIS Section 9150.34, “Modification to the Accountant’s Compilation or Review Report When a Client Adopts a Private Company Council Accounting Alternative That Results in a Change to a Previously Issued Report”

AICPA Technical Practice Aids, TIS Section 9150.33, “Compilation or Review Report in Which Management Refuses to Include Disclosure Related to Adoption of a PCC Accounting Alternative”

AICPA Technical Practice Aids, TIS Section 9150.32, “Modification to the Accountant’s Compilation or Review Report When a Client Adopts a Private Company Council Accounting Alternative”

AICPA Technical Practice Aids, TIS Section 9150.30, “Modification to the Auditor’s Report When a Client Adopts a PCC Accounting Alternative That Results in a Change to a Previously Issued Report”

AICPA Technical Practice Aids, TIS Section 9160.29, “Modification to the Auditor’s Report When a Client Adopts a PCC Accounting Alternative”

AICPA Auditing Interpretation No. 2, "Auditor of Participating Employer in a Governmental Cost-Sharing Multiple-Employer Plan," of AU-C Section 500, "Audit Evidence"

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## Appendix E: Abbreviations

<b>ABS</b>	asset-backed security	<b>FSB</b>	Financial Stability Board
<b>AICPA</b>	American Institute of Certified Public Accountants	<b>FVTOCI</b>	fair value through other comprehensive income
<b>AR</b>	U.S. Accounting and Review Services Standards	<b>G-18</b>	Group of 18 Banks
<b>AR-C</b>	U.S. Clarified Accounting and Review Services Standards	<b>GAAP</b>	generally accepted accounting principles
<b>ARSC</b>	Accounting and Review Services Committee	<b>GAAS</b>	generally accepted auditing standards
<b>ASC</b>	FASB Accounting Standards Codification	<b>GAGAS</b>	generally accepted government auditing standards
<b>ASU</b>	FASB Accounting Standards Update	<b>GAO</b>	U.S. Government Accountability Office
<b>AT</b>	U.S. Attestation Standards	<b>GASB</b>	Governmental Accounting Standards Board
<b>AU</b>	U.S. Auditing Standards	<b>GP</b>	general partner
<b>AU-C</b>	U.S. Clarified Auditing Standards	<b>GSIB</b>	global systematically important banking organization
<b>BHC</b>	bank holding company	<b>HUD</b>	Department of Housing and Urban Development
<b>BIS</b>	Bank for International Settlements	<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>C&amp;DIs</b>	compliance and disclosure interpretations	<b>IAESB</b>	International Accounting Education Standards Board
<b>CAQ</b>	Center for Audit Quality	<b>IAIS</b>	International Association of Insurance Supervisors
<b>CCP</b>	central counterparty	<b>IAS</b>	International Accounting Standard
<b>CDS</b>	credit default swap	<b>IASB</b>	International Accounting Standards Board
<b>CFE</b>	collateralized financing entity	<b>ICFR</b>	internal control over financial reporting
<b>CFTC</b>	Commodity Futures Trading Commission	<b>ICS</b>	insurance capital standard
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy	<b>IES</b>	International Education Standard
<b>CMR</b>	conflict minerals report	<b>IFAC</b>	International Federation of Accountants
<b>CPE</b>	continuing professional education	<b>IFASS</b>	International Forum of Accounting Standard Setters
<b>DSE</b>	development-stage entity	<b>IFIAR</b>	International Forum of Independent Audit Regulators
<b>EBITDA</b>	earnings before interest, taxes, depreciation, and amortization	<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>ED</b>	exposure draft	<b>IFRS</b>	International Financial Reporting Standard
<b>EITF</b>	Emerging Issues Task Force	<b>IIA</b>	Institute of Internal Auditors
<b>EU</b>	European Union	<b>IPSA</b>	independent private-sector audit
<b>FAF</b>	Financial Accounting Foundation	<b>IPSAS</b>	International Public Sector Accounting Standard
<b>FAQs</b>	frequently asked questions	<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>FASAB</b>	Federal Accounting Standards Advisory Board	<b>ISA</b>	International Standard on Auditing
<b>FASAC</b>	Federal Accounting Standards Advisory Council	<b>ISDA</b>	International Swaps and Derivatives Association
<b>FASB</b>	Financial Accounting Standards Board	<b>ITG</b>	impairment transition resource group
<b>FDIC</b>	Federal Deposit Insurance Corporation		
<b>FHFA</b>	Federal Housing Finance Agency		
<b>FRM</b>	SEC Financial Reporting Manual		

<b>JOBS</b>	Jumpstart Out Business Startups	<b>RPGs</b>	recommended practice guidelines
<b>LIBOR</b>	London Interbank Offered Rate	<b>S&amp;P</b>	Standard & Poor's
<b>MLP</b>	master limited partnership	<b>SAS</b>	Statement on Auditing Standards
<b>MMF</b>	money market fund	<b>SASB</b>	Sustainability Accounting Standards Board
<b>NAV</b>	net asset value	<b>SCI</b>	systems compliance and integrity
<b>NSFR</b>	net stable funding ratio	<b>SEC</b>	Securities and Exchange Commission
<b>NRSRO</b>	nationally recognized statistical rating organization	<b>SQCS</b>	Statement on Quality Control Standards
<b>OCC</b>	Office of the Comptroller of the Currency	<b>SSAE</b>	Statement on Standards for Attestation Engagements
<b>OTC</b>	over-the-counter	<b>SSARS</b>	Statement on Standards for Accounting and Review Services
<b>PAIB</b>	Professional Accountants in Business Committee	<b>TIS</b>	Technical Inquiry Service
<b>PCAOB</b>	Public Company Accounting Oversight Board	<b>TPA</b>	Technical Practice Aid
<b>PCC</b>	Private Company Council	<b>TRG</b>	transition resource group
<b>Q&amp;As</b>	questions and answers	<b>VIE</b>	variable interest entity
<b>QCCP</b>	qualifying central counterparty	<b>XBRL</b>	eXtensible Business Reporting Language
<b>QRM</b>	qualified residential mortgage		

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