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Accounting Roundup

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Welcome to the quarterly edition of *Accounting Roundup*. The second quarter of 2015 was a productive one for the FASB. The Board made significant progress on its simplification initiative (i.e., the Board's effort to reduce the cost and complexity of current U.S. GAAP while maintaining or enhancing the usefulness of the related financial statement information) by issuing (1) final ASUs on cloud computing, debt issuance costs, and a practical expedient for measuring retirement benefit plans and (2) proposed ASUs on the accounting for share-based payments, equity method accounting, and the accounting for measurement-period adjustments. In addition, the Board amended certain aspects of the joint FASB-IASB revenue standard, releasing two proposed ASUs that would (1) amend certain portions of the guidance in ASU 2014-09 on performance obligations and licensing and (2) defer the standard's effective date by one year.

There was also a flurry of activity at the GASB, which issued three Statements related to pensions and other postemployment benefits as well as a Statement that simplifies the GAAP hierarchy for state and local governments.

On the international front, the IASB followed the FASB's lead in issuing an ED that would defer the effective date of its counterpart revenue standard, IFRS 15. The IASB also issued a series of amendments to its *IFRS for SMEs* as well as proposals that would (1) revise its conceptual framework for financial reporting and (2) make narrow-scope amendments to its pension accounting requirements.

In other news, the EITF met in June and discussed five Issues. Further, the FASB issued several ASUs and proposed ASUs in response to consensuses and consensuses-for-exposure reached by the Task Force at its March meeting.

Note that in this quarterly edition, an asterisk in the article title denotes events that occurred in June or that were not addressed in the April or May issue of *Accounting Roundup*, including updates to previously reported topics. Events without asterisks were covered in those monthly issues.

For additional information about a topic, click the hyperlinks, which are blue. You can find further details on the Web sites of the various accounting standard setters and regulators, including the FASB, GASB, SEC, PCAOB, AICPA, and IASB.

Be sure to monitor upcoming issues of *Accounting Roundup* for new developments. We value your feedback and would appreciate any comments you may have on *Accounting Roundup: Second Quarter in Review — 2015*. Take a moment to tell us what you think by sending us an e-mail at accountingstandards@deloitte.com.

Visit Deloitte's US GAAP Plus Web site for the latest accounting news and publications.

Leadership Changes

FASB: On May 20, 2015, the FAF board of trustees announced the reappointments of FASB members Daryl E. Buck and R. Harold Schroeder for a second term that begins on July 1, 2015, and ends on June 30, 2021.

GASB: On April 2, 2015, the FAF board of trustees announced that it has appointed Brian W. Caputo to the GASB for a four-year term that begins on July 1, 2015; ends on June 30, 2019; and is renewable for an additional five years.

GASAC and FASAC: On May 22, 2015, the FAF board of trustees announced that it has appointed Robert W. Scott as chairman of the GASAC for a term beginning on June 1, 2015, and ending on December 31, 2016. The trustees also announced that new members have been appointed to both the GASAC and the FASAC.

IFRS Foundation: On May 29, 2015, the IFRS Foundation trustees announced that the IFRS Monitoring Board has approved the appointment of Sheila Fraser as vice-chairman of the foundation for a term that begins immediately as well as for a second term that begins on January 1, 2016. In addition, current trustees Abdulrahman Al-Humaid, Wiseman Nkuhlu, and Joji Okada have been reappointed for second terms that begin on January 1, 2016.

IFRS Interpretations Committee: On May 12, 2015, the IFRS Foundation announced that it has appointed Jongsoo Han and Robert Uhl to the IFRS Interpretations Committee for a three-year term that begins on July 1, 2015. In addition, John O'Grady and Sandra Peters have been reappointed to the committee for a second three-year term that also begins in July 2015.

SEC: On April 9, 2015, the SEC announced that it has appointed Marc Wyatt as acting director of the OCIE to replace Andrew Bowden, who left the Commission at the end of April. In addition, on May 14, 2015, the SEC announced that it has named Wesley R. Bricker as deputy chief accountant to replace Dan Murdock, who left the Commission at the end of May 2015.

Deloitte Publications

Publication	Title	Affects
July 1, 2015, *Heads Up*	*A Summary of the June 18 Meeting of the PCAOB's Standing Advisory Group*	All entities.
June 2015 *EITF Snapshot*		All entities.
June 26, 2015, *Heads Up*	*IASB Proposes Revisions to Its Conceptual Framework*	Entities reporting under IFRSs.
June 18, 2015, *Heads Up*	*FASB Simplifies Guidance on Presentation of Debt Issuance Costs*	All entities.
June 16, 2015, *Heads Up*	*FASB Issues Proposed ASU to Amend Equity Method Accounting*	All entities.
June 12, 2015, *Heads Up*	*FASB Issues Proposed ASU to Simplify the Accounting for Share-Based Payments*	All entities.
May 29, 2015, *Heads Up*	*SEC Proposes Rule on Pay Versus Performance*	SEC registrants.
May 26, 2015, *Heads Up*	*FASB Amends Its Consolidation Model*	All entities.
May 26, 2015, *Heads Up*	*FASB Proposes to Simplify the Accounting for Measurement-Period Adjustments*	All entities.
May 2015 *Insurance Spotlight*	*FASB Issues New Disclosure Requirements for Short-Duration Insurance Contracts*	Insurance entities.
May 2015 *Financial Services Spotlight*	*Consolidating Collateralized Financing Entities*	Financial services entities.
May 13, 2015, *Heads Up*	*FASB Issues Proposed Revenue ASU on Licensing and Identifying Performance Obligations*	All entities.
May 8, 2015, *Heads Up*	*FASB Issues Proposed ASU on Presentation of Not-for-Profit Entities' Financial Statements*	All entities.
May 2015 *Power & Utilities Spotlight*	*Transitioning ERM Capabilities to a New Level*	Power and utilities entities.

Publication	Title	Affects
April 2015 Roadmap	*A Roadmap to Accounting for Share-Based Payment Awards*	All entities.
April 29, 2015, *Heads Up*	*FASB Proposes to Defer the New Revenue Standard for One Year*	All entities.
April 17, 2015, *Heads Up*	*FASB Issues ASU on Customers' Accounting for Cloud Computing Costs*	All entities.
April 17, 2015, *Heads Up*	*FASB Permits Use of Practical Expedient for Retirement Benefit Plan Measurement*	All entities.
April 16, 2015, *Financial Reporting Alert*	*Foreign Currency Exchange Accounting Implications of Recent Government Actions in Venezuela*	All entities.

Dbriefs for Financial Executives

We invite you to participate in *Dbriefs*, Deloitte's webcast series that provides valuable insights on important developments affecting your business. Gain access to innovative ideas and critical information during these monthly webcasts.

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For more information, please see our complete *Dbriefs* program guide or click a link below for more information about any of these upcoming *Dbriefs* webcasts (all webcasts begin at 2:00 p.m. (EDT) unless otherwise noted):

- Tuesday, July 14: Social Media Analytics, Corporate Investigations, and Litigation: What Relationships Now Reveal.
- Wednesday, July 22, 3:00 p.m. (EDT): Creating Strategic Value in Times of Commodity Volatility.
- Thursday, July 30: 2015 Proxy Season Highlights and Other Corporate Governance Developments.
- Thursday, August 13: Taming the High Cost of Corporate Compliance: Effective Management of Internal Investigations.
- Tuesday, August 25, 3:00 p.m. (EDT): Four Orientations of the Strategist CFO: Seeking Better Alignment With CEO and Board Expectations.
- Thursday, August 27: When Risk Drives Performance: Leveraging the Extended Enterprise for Operational Excellence.
- Monday, September 21: Financial Reporting and Income Taxes: The Increasing Interplay Between Risk Management and People, Process, and Technology.
- Tuesday, September 22: Managing Fraud in the Digital Era: Channeling Faint Signals Amid the Noise.
- Wednesday, September 23, 3:00 p.m. (EDT): Corporate Spin-Offs: What CFOs Should Know Before and After the Decision Is Made.
- Thursday, September 24: Testing and Monitoring in Ethics and Compliance Programs.
- Friday, September 25, 11:00 a.m. (EDT): EITF Roundup: Highlights From the September Meeting.
- Wednesday, September 30: Quarterly Accounting Roundup: An Update on Important Developments.

Don't miss out — register for these webcasts today.

Accounting — New Standards and Exposure Drafts

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EITF-Related Activity

FASB Issues ASUs and Proposed ASUs in Response to EITF Consensuses and Consensuses-for-Exposure

Affects: All entities.

Summary: In April 2015, the FASB issued two ASUs and three proposed ASUs in response to EITF consensuses and consensuses-for-exposure, respectively, reached at the Task Force's March 19, 2015, meeting:

- *ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (Issue 14-B)* — This ASU removes, from the fair value hierarchy, investments for which the practical expedient (as discussed in ASC 820-10-35-59 through 35-62) is used to measure fair value at NAV. Instead, an entity is required to include those investments as a reconciling line item so that the total fair value amount of investments in the disclosure is consistent with the amount on the balance sheet. Further, entities must provide the disclosures in ASC 820-10-50-6A only for investments for which they elect to use the NAV practical expedient to determine fair value. For public companies, this ASU is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The effective date will be deferred by one year for private companies. Early adoption is permitted. The ASU should be applied retrospectively to all periods presented.
- *ASU 2015-06, Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions (Issue 14-A)* — Under this ASU, "the earnings (losses) of the transferred net assets before the date of the dropdown transaction should be allocated entirely to the general partner." Further, an MLP must disclose "how the rights to the earnings (losses) of the transferred net assets differ before and after the dropdown transaction occurs for purposes of computing earnings per unit." This ASU is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. Early adoption is permitted. The ASU should be applied retrospectively to all financial statements presented.
- *Proposed ASU, Recognition of Breakage for Certain Prepaid Stored-Value Cards (Issue 15-B)* — Under this proposal, a prepaid stored-value card is a financial liability since the card issuer is required to settle its obligation to the cardholder by a cash payment to either the cardholder or a third party. The proposal's scope includes cards (1) that are redeemable for goods and services provided by a third party or that contain a cash redemption option and (2) that are not subject to escheatment laws. Further, the proposal amends ASC 405-20 such that if an entity has a prepaid stored-value card within its scope, the entity applies the breakage guidance in ASC 606. The breakage disclosure requirements are consistent with the requirements in ASC 606. Comments on this proposal were due by June 29, 2015.
- *Proposed ASU, Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts Within Nodal Energy Markets (Issue 15-A)* — This proposal specifies that a forward purchase or sale of electricity in which electricity must be physically delivered through a nodal energy market operated by an independent system operator, and in which an entity incurs transmission costs on the basis of locational marginal pricing charges, would meet the physical-delivery requirement under the NPNS scope exception. Comments on this proposal were due by May 18, 2015.
- *Proposed ASUs, (I) Fully Benefit-Responsive Investment Contracts, (II) Plan Investment Disclosures, and (III) Measurement Date Practical Expedient (Issue 15-C)* — The provisions of these proposals include the following:
  - Fully benefit-responsive investment contracts would be measured at contract value and the requirement to reconcile contract value to fair value (if different) would be removed.
  - Plan assets would be disclosed by general type in a manner consistent with current plan accounting and would not need to be disaggregated in accordance with ASC 820.

- International
  - IASB Proposes Amendments to Pension Accounting*
  - IASB Proposes Revisions to Conceptual Framework
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Participant self-directed brokerage accounts would be disclosed as one general type. Further, plan assets would be disclosed by general type on either the face of the financial statements or in the footnotes.

- Entities would be required to provide ASC 820 disclosures on the basis of the general type of plan assets. However, entities that file Form 5500 as direct filing entities would not be required to disclose the investment strategies for investments measured at NAV. Plan assets that account for 5 percent or more of net assets would not be listed individually.
- The requirement to provide plan asset disclosures about net appreciation or depreciation would be removed. However, entities would be required to provide the ASC 820 rollforward disclosure about realized and unrealized gains and losses as well as sales, purchases, and transfers of Level 3 investments during the reporting period.
- An employee benefit plan could use an alternative measurement date consisting of the closest month-end date to its fiscal year-end. However, contributions, distributions, and other significant events between the alternative measurement date and the fiscal year-end would be disclosed rather than adjusted for within the financial statements.

Comments on these proposals were due by May 18, 2015.

Other Resources: Deloitte's March 2015 *EITF Snapshot*.

Insurance Contracts

FASB Issues ASU on Disclosures About Short-Duration Insurance Contracts

Affects: All entities.

Summary: On May 21, 2015, the FASB issued ASU 2015-09, which amends ASC 944 to expand the disclosures that an insurance entity must provide about its short-duration insurance contracts. Under the ASU, insurance entities with short-duration insurance contracts must annually provide the following disclosures:

- "Incurred and paid claims [and allocated claim adjustment expenses (CAEs)] development information by accident year, on a net basis after risk mitigation through reinsurance, for the number of years for which claims incurred typically remain outstanding (that need not exceed 10 years, including the most recent reporting period presented in the statement of financial position). Each period presented in the disclosure about claims development that precedes the current reporting period is considered to be supplementary information." For the most recent reporting period presented, an insurer also must disclose the total net outstanding claims for all accident years before those presented in the claims development tables (i.e., collectively, for those accident years not separately presented in the development tables).
- A reconciliation of the claims development disclosures "to the aggregate carrying amount of the liability for unpaid claims and [CAEs] for the most recent reporting period presented, with separate disclosure of reinsurance recoverable on unpaid claims."
- For each accident year presented in the claims development table, information about (1) claim frequency (unless impracticable) and (2) the amounts of incurred-but-not-reported (IBNR) liabilities plus the expected development on reported claims.
- A description of, and any significant changes to, the methods for determining (1) both IBNR and expected development on reported claims and (2) cumulative claim frequency.
- For all claims except health insurance claims, the historical average annual percentage payout of incurred claims by age, net of reinsurance, for accident years presented in the claims development tables.
- Information about any significant changes in methods and assumptions used in the computation of the liability for unpaid claims and CAEs, including reasons for the changes and the impact of the changes on the most recent reporting period in the financial statements.

- The carrying amounts of liabilities for unpaid claims and CAEs that are presented at present value and the effects of the discounting, including (1) the aggregate discount deducted from the liabilities, (2) the amount of interest accretion recognized during each period, and (3) the line item(s) in the statement of comprehensive income in which the interest accretion is classified.

In addition, insurance entities must disclose the following in both interim and annual periods:

- The rollforward of the liability for unpaid claims and CAEs.
- Total IBNR liabilities, plus expected development on reported claims, included in the liability for unpaid claims and CAEs for health insurance claims, either as a separate disclosure or as a component of the disclosure of the rollforward of the liability, at an appropriate level of disaggregation.

Next Steps: The ASU is effective for public business entities for annual periods beginning after December 15, 2015, and interim periods within annual reporting periods beginning after December 15, 2016. The effective date is deferred by one year for all other entities. Early application is permitted.

Other Resources: For more information, see the press release, *FASB in Focus* newsletter, and "Understanding Costs and Benefits" document on the FASB's Web site. Also see Deloitte's May 2015 *Insurance Spotlight*.

Not-for-Profit Entities

FASB Issues ASU to Improve Not-for-Profit Financial Statements

Affects: All entities.

Summary: On April 29, 2015, the FASB issued a proposed ASU that would change "the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows." The proposed ASU addresses (1) the complexity and understandability of net asset classifications, (2) inconsistent reporting of intermediate measures of operations in the statement of activities, (3) lack of consistency in the type of information provided about expenses for a period, and (4) inconsistencies in the reporting of operating information in the statement of activities and operating cash flows statement.

Next Steps: Comments on the proposed ASU are due by August 20, 2015.

Other Resources: For more information, see the press release and *FASB in Focus* newsletter on the FASB's Web site.

Pushdown Accounting

FASB Issues ASU to Conform Guidance on Pushdown Accounting to SAB 115

Affects: All entities.

Summary: On May 11, 2015, the FASB issued ASU 2015-08, which removes references to the SEC's SAB Topic 5.J on pushdown accounting from ASC 805-50. The Commission's SAB 115 had superseded the guidance in SAB Topic 5.J in connection with the FASB's November 2014 release of ASU 2014-17. The amendments in ASU 2015-08 therefore conform the FASB's guidance on pushdown accounting with the SEC's.

Revenue Recognition

FASB Issues Proposed Revenue ASU on Licensing and Identifying Performance Obligations

Affects: All entities.

Summary: On May 12, 2015, the FASB issued a proposed ASU that would amend certain aspects of the Board's May 2014 revenue standard (ASU 2014-09), specifically the guidance on identifying performance obligations and the implementation guidance on licensing. The amendments are being made in response to feedback received by the FASB-IASB joint revenue recognition transition resource group, which was formed to address potential issues associated with the implementation of ASU 2014-09.

The proposed amendments include the following:

- Identifying performance obligations:
  - *Immaterial promised goods or services* — Entities may disregard goods or services promised to a customer that are immaterial in the context of the contract.
  - *Shipping and handling activities* — A practical expedient would be added to allow shipping or handling activities occurring after control has passed to the customer to be treated as a fulfillment cost rather than as a revenue element (i.e., a promised service in the contract).
  - *Identifying when promises represent performance obligations* — The proposal would refine the separation criteria for assessing whether promised goods and services are distinct, specifically the "separately identifiable" principle (the "distinct in the context of the contract" criterion).
- Licensing implementation guidance:
  - *Determining the nature of an entity's promise in granting a license* — Intellectual property (IP) would be classified as either functional or symbolic, and such classification would generally dictate whether, for a license granted to that IP, revenue must be recognized at a point in time or over time, respectively.
  - *Sales-based and usage-based royalties* — The sales-based and usage-based royalty exception would apply whenever the royalty is predominantly related to a license of IP. The proposed ASU therefore indicates that "[a]n entity would not split a sales-based or usage-based royalty into a portion subject to the guidance on sales-based and usage-based royalties and a portion that is not subject to that guidance."

Comments on the proposed ASU were due by June 30, 2015.

Other Resources: Deloitte's May 13, 2015, *Heads Up*.

FASB Proposes Deferring the Effective Date of the New Revenue Standard

Affects: All entities.

Summary: On April 29, 2015, the FASB issued a proposed ASU that would defer for one year the effective date of the new revenue standard (ASU 2014-09) for public and nonpublic entities reporting under U.S. GAAP. For public business entities, as well as certain nonprofit entities and employee benefit plans, the effective date under the proposal would be annual reporting periods, and interim periods therein, beginning after December 15, 2017. The effective date for all other entities would be one year later than this (i.e., December 15, 2018). Early adoption would be permitted as of the original effective date in ASU 2014-09 (i.e., annual reporting periods beginning after December 15, 2016, including interim reporting periods within the annual periods).

Comments on the proposed ASU were due by May 29, 2015.

Other Resources: Deloitte's April 29, 2015, *Heads Up*. Also see the press release on the FASB's Web site.

Simplification Initiative

FASB Proposes Simplifying the Accounting for Share-Based Payments*

Affects: All entities.

Summary: On June 8, 2015, the FASB issued a proposed ASU on share-based payments as part of its simplification initiative. The proposed ASU simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, minimum statutory withholding requirements, classification in the statement of cash flows, and classification of awards with repurchase features. In addition, the proposed ASU contains two practical expedients for nonpublic entities under which such entities can use the simplified method to estimate the expected term of an award and make a one-time election to switch from fair value measurement to intrinsic value measurement for liability-classified awards.

Next Steps: Comments on the proposed ASU are due by August 14, 2015.

Other Resources: Deloitte's June 12, 2015, *Heads Up*.

FASB Proposes Simplification of Equity Method Accounting*

Affects: All entities.

Summary: On June 5, 2015, the FASB issued a proposed ASU on equity method accounting as part of its simplification initiative. The proposal would amend the accounting for equity method investments, eliminating the requirements for an investor to (1) account for basis differences related to its equity method investees and (2) retroactively account for an investment that becomes newly qualified for use of the equity method because of an increased ownership interest as if the equity method had been applied during all previous periods in which the investment was held.

In addition, the proposed ASU would eliminate the requirement to disclose the difference, if any, between "the amount at which an investment is carried and the amount of underlying equity in net assets and the accounting treatment of the difference." However, equity method investors would be required to disclose in their annual and interim financial statements for the first year after the adoption date the (1) nature and reason for the change in accounting principle and (2) amount of amortization of the basis difference recognized in the comparable prior period.

Next Steps: Comments on the proposed ASU are due by August 4, 2015. The FASB will discuss the proposed ASU's effective date after considering the comment-letter feedback it receives.

Other Resources: Deloitte's June 16, 2015, *Heads Up*.

FASB Proposes Simplifying the Accounting for Measurement-Period Adjustments

Affects: All entities.

Summary: On May 21, 2015, the FASB issued a proposed ASU on simplifying measurement-period adjustments as part of its simplification initiative. Under the proposal, during the measurement period, the acquirer in a business combination is no longer required to retrospectively adjust the provisional amounts recognized as of the acquisition date. Instead, the acquirer would need to "record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date."

Next Steps: Comments on the proposed ASU are due by July 6, 2015.

Other Resources: Deloitte's May 26, 2015, *Heads Up*.

FASB Issues ASU on Customers' Accounting for Cloud Computing Costs

Affects: All entities.

Summary: On April 15, 2015, the FASB issued ASU 2015-05, which provides guidance on a customer's accounting for cloud computing costs. The ASU, which is part of the Board's simplification initiative, is being issued in response to feedback indicating that the lack of specific guidance on accounting for cloud computing fees had "resulted in some diversity in practice as well as unnecessary costs and complexity for some stakeholders."

Under the ASU, a customer must determine whether a cloud computing arrangement contains a software license. If so, the customer would account for the fees related to the software license element in a manner consistent with how the acquisition of other software licenses is accounted for under ASC 350-40. If the arrangement does not contain a software license, the customer would account for the arrangement as a service contract. The ASU does not prescribe how to account for cloud computing arrangements deemed to be service contracts.

An arrangement would contain a software license element if both of the following criteria are met:

- "The customer has the contractual right to take possession of the software at any time during the hosting period **without significant penalty**" (emphasis added).
- "It is feasible for the customer to either run the software on its own hardware or contract with another party unrelated to the vendor to host the software."

Next Steps: For public business entities, the ASU is effective for annual periods (and interim periods therein) beginning after December 15, 2015; for all other entities, the ASU is effective for annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016. Early adoption is permitted. Entities may adopt the guidance (1) retrospectively or (2) prospectively to arrangements entered into, or materially modified, after the effective date.

Other Resources: Deloitte's April 17, 2015, *Heads Up*.

FASB Permits Use of Practical Expedient for Retirement Benefit Plan Measurement

Affects: All entities.

Summary: On April 15, 2015, the FASB issued ASU 2015-04, which gives an employer whose fiscal year-end does not coincide with a calendar month-end (e.g., an entity that has a 52- or 53-week fiscal year) the ability, as a practical expedient, to measure defined benefit retirement obligations and related plan assets as of the month-end that is closest to its fiscal year-end. If elected, the practical expedient would be an accounting policy that the employer would need to apply consistently to all plans. The employer would also be required to disclose the policy election as well as the resulting alternative measurement date used for its year-end measurement of retirement benefit obligations and plan assets.

The ASU also provides guidance on accounting for (1) contributions to the plan and (2) significant events for which remeasurement is required (e.g., a plan amendment, settlement, or curtailment) and that occur during the period between a month-end measurement date and the employer's fiscal year-end. An entity should reflect the effects of those contributions or significant events in the measurement of the retirement benefit obligations and related plan assets.

Next Steps: For public business entities, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted, and the ASU should be applied prospectively.

Other Resources: Deloitte's April 17, 2015, *Heads Up*.

FASB Simplifies Guidance on Debt Issuance Costs*

Affects: All entities.

Summary: On April 7, 2015, the FASB issued ASU 2015-03 as part of its simplification initiative. The ASU changes the presentation of debt issuance costs in financial statements. Under the ASU, an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense.

The requirement to present debt issuance costs as a direct reduction of the related debt liability (rather than as an asset) is consistent with the presentation of debt discounts under U.S. GAAP. In addition, it converges the guidance in U.S. GAAP with that in IFRSs, under which transaction costs that are directly attributable to the issuance of a financial liability are treated as an adjustment to the initial carrying amount of the liability.

Next Steps: For public business entities, the guidance in the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For entities other than public business entities, the guidance is effective for fiscal years beginning after December 15, 2015, and interim periods beginning after December 15, 2016. Early adoption is allowed for all entities for financial statements that have not been previously issued. Entities should apply the new guidance retrospectively to all prior periods (i.e., the balance sheet for each period should be adjusted).

Other Resources: Deloitte's June 18, 2015, *Heads Up* (which supersedes the April 7, 2015, *Heads Up*).

Technical Corrections

FASB Makes Technical Corrections to the Codification*

Affects: All entities.

Summary: On June 15, 2015, the FASB issued ASU 2015-10, which makes certain technical corrections (i.e., minor clarifications and improvements) to the *FASB Accounting Standards Codification*. The technical corrections are divided into four main categories:

- Amendments to align Codification wording with that in pre-Codification standards.
- Corrections to references and clarification of guidance to avoid misapplication and misinterpretation.
- Minor edits to simplify the Codification and thereby improve its usefulness.
- Minor enhancements to Codification guidance that are not expected to have a significant effect on current practice.

Next Steps: The amendments to transition guidance are effective for fiscal years beginning after December 15, 2015; all other changes became effective upon the ASU's issuance.

International

IASB Proposes Amendments to Pension Accounting*

Affects: Entities reporting under IFRSs.

Summary: One June 18, 2015, the IASB published an ED that would make narrow-scope amendments to the pension accounting requirements in IAS 19 and IFRIC 14. Under the proposed amendments to IAS 19, an entity would be required to use updated information regarding "the assumptions about its obligation and fair value of its plan assets . . . to determine current service cost and net interest for the period followed by these changes." The proposed revisions to IFRIC 14 would clarify "how the powers of other parties, such as the Trustees of the plan, affect an entity's right to a refund of a surplus from the plan."

The overall objectives of the proposed amendments are to enhance the information provided to investors and reduce diversity in practice.

Next Steps: Comments on the ED are due by October 19, 2015.

Other Resources: For more information, see Deloitte's June 26, 2015, *IFRS in Focus* newsletter as well as the press release on the IASB's Web site.

IASB Proposes Revisions to Conceptual Framework

Affects: Entities reporting under IFRSs.

Summary: On May 28, 2015, the IASB published an ED that proposes revisions to its conceptual framework for financial reporting. The purpose of the proposal is to clarify, update, and fill in gaps in the IASB's existing framework, which addresses a range of fundamental accounting topics, such as determining what an asset or liability is. The proposed revised conceptual framework contains the following eight chapters:

- *Chapter 1, "The Objective of General Purpose Financial Reporting"* — Limited changes emphasizing the importance of information for assessing management's stewardship of an entity's resources.

- *Chapter 2, "Qualitative Characteristics of Useful Financial Information"* — Limited changes reintroducing a reference to the notion of prudence and providing guidance on the concept of substance over form and the impact of measurement uncertainty.
- *Chapter 3, "Financial Statements and the Reporting Entity"* — New chapter describing the role of financial statements, including the going-concern assumption, and the definition of a reporting entity.
- *Chapter 4, "The Elements of Financial Statements"* — New chapter proposing conceptual definitions of assets, liabilities, equity, income, and expenses.
- *Chapter 5, "Recognition and Derecognition"* — New chapter proposing recognition criteria and discussing the aim of derecognition requirements.
- *Chapter 6, "Measurement"* — New chapter describing measurement bases and factors for an entity to consider when selecting measurement bases.
- *Chapter 7, "Presentation and Disclosure"* — New chapter proposing high-level concepts about information included in the financial statements and how that information is presented and disclosed as well as guidance on reporting comprehensive income and the use of other comprehensive income.
- *Chapter 8, "Concepts of Capital and Capital Maintenance"* — Minor changes to the existing IASB framework.

Next Steps: Comments on the ED are due by October 26, 2015. The IASB expects to complete the revisions in 2016.

Other Resources: Deloitte's June 26, 2015, *Heads Up*.

IASB Amends *IFRS for SMEs*

Affects: Entities reporting under IFRSs.

Summary: On May 21, 2015, the IASB published amendments to its *IFRS for SMEs*. The amendments are the result of the first comprehensive review of that standard, which was originally issued in 2009. Most of the changes are minor clarifications and do not affect the accounting for transactions and events. The following are three of the more significant amendments:

- An entity is permitted to use the revaluation model for property, plant, and equipment.
- The main recognition and measurement requirements for deferred income taxes are aligned with the current requirements in IAS 12.
- The main recognition and measurement requirements for exploration and evaluation assets are aligned with those in IFRS 6; thus, the *IFRS for SMEs* provides the same relief as full IFRSs do for these activities.

Next Steps: The amendments are effective for annual periods beginning on or after January 1, 2017; early adoption is permitted.

Other Resources: For more information, see the press release and project summary and feedback statement on the IASB's Web site.

IASB Proposes to Defer the Effective Date of IFRS 15

Affects: Entities reporting under IFRSs.

Summary: On May 19, 2015, the IASB published an ED that would defer the effective date of its revenue standard, IFRS 15, by one year. The IASB is proposing the deferral primarily because it is currently preparing another ED that would amend certain portions of IFRS 15. The ED's new effective date would be annual periods beginning on or after January 1, 2018. Early adoption of IFRS 15 would continue to be permitted, and entities would still have the option of applying the standard retrospectively either to each prior reporting period presented or with the cumulative effect of initial application recognized as of the adoption date.

The FASB has also issued a proposal that would defer the effective date of IFRS 15's U.S. GAAP counterpart, ASU 2014-09, by a year.

Next Steps: Comments on the ED are due by July 3, 2015.

Other Resources: For more information, see the press release on the IASB's Web site.

Accounting — Other Key Developments

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Convergence

SEC Chief Accountant Believes Former SEC Chairman's Call for Abandoning IFRSs Was "Premature"*

Affects: All entities.

Summary: On June 5, 2015, in a speech at the 34th annual SEC and Financial Reporting Institute Conference in Pasadena, California, SEC Chief Accountant Jim Schnurr confirmed that the Commission does not intend to abandon the objective of a single set of high-quality, globally accepted accounting standards.

As in his speech last month at Baruch college, Mr. Schnurr stated that his research to date has revealed that there is continued support for this objective even though there is virtually no support for the SEC to mandate IFRSs for all registrants and little support for the Commission to provide an option allowing domestic companies to prepare their financial statements under IFRSs. Mr. Schnurr therefore questioned former SEC Chairman Christopher Cox's statement at the same conference last year: "I come to bury IFRS, not to praise them." Given the continued support for convergence, Mr. Schnurr noted that the real issue is how we achieve that objective. He noted:

> In my opinion, in the near term, FASB and IASB should continue to focus on converging the standards. The boards should renew their commitment to cooperate and develop standards that eliminate differences between IFRS and U.S. GAAP whenever it meets the needs of its constituents and improves the quality of financial reporting. I recognize the boards will not always be able to eliminate differences during the standard-setting process, primarily because they serve different constituents that have different needs. However, when differences in standards arise, the boards should monitor the implementation of those standards with the objective of learning from the implementation and re-engaging with each other with the goal of converging to the standard with the highest quality financial reporting outcome.

Mr. Schnurr cited the example of the FASB's and IASB's May 2014 converged revenue recognition standard as well as the work of the boards' joint revenue recognition transition resource group (TRG). As a result of the TRG's efforts, the FASB proposed amendments to the revenue standard in May (the IASB plans to do so in the third quarter of 2015). Mr. Schnurr noted:

> The boards should apply the lessons learned from the recent revenue recognition standard and realize that even though the words may be the same, to achieve convergence, cooperation is needed after the standard-setting process is complete and during the implementation stage of the standards. . . . While the FASB and IASB approach to clarifying the guidance differs slightly, both boards, as evidenced by their discussions during their joint meeting, continue to believe they have a converged approach.

EITF

EITF Discusses Five Issues at June Meeting*

Affects: All entities.

Summary: At its June 18, 2015, meeting, the EITF discussed the following issues:

- *Issue 15-A, "Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts Within Nodal Energy Markets"* — The Task Force reached a final consensus, reaffirming its consensus-for-exposure that a forward purchase or sale of electricity in which electricity must be physically delivered through a nodal energy market operated by an independent system operator (ISO), and in which an entity incurs transmission costs on the basis of locational marginal pricing (LMP) charges, would meet the physical-delivery requirement under the normal purchases and normal sales (NPNS) scope exception. Further, the Task Force decided to clarify that transactions in which electricity is transmitted through an ISO from one jurisdiction to another, and in which LMP charges are incurred, are within the scope of this Issue and would therefore qualify for the NPNS scope exception.

For all entities, the final consensus will be effective upon issuance of the ASU. Entities must adopt the guidance prospectively for any qualifying new or existing contract. If the NPNS exception is elected for an existing derivative, an entity will no longer mark the derivative to market and its carrying value will be its fair value at the time of designation. FASB ratification of this Issue is expected at the Board's July 9, 2015, meeting, after which a final ASU will be issued.

- *Issue 15-C, "Employee Benefit Plan Simplifications"* — The Task Force reached a final consensus, reaffirming its consensus-for-exposure that fully benefit-responsive investment contracts (FBRICs) should be measured at contract value and removing the requirement to reconcile their contract value to fair value (if different). As a result, fair value measurement disclosure requirements related to FBRICs would be removed, including those in ASC 820, ASC 962, and ASC 965. In addition, the Task Force decided to clarify that FBRICs do not need to be disaggregated by general type in the statement of net assets or the footnotes. The Task Force's decision about FBRICs would also apply to synthetic guaranteed investment contracts that meet the definition of a FBRIC. However, synthetic guaranteed investment contracts would be separately presented or disclosed in the statement of net assets or footnotes. In addition, the Task Force reached a final consensus that an employee benefit plan can use an alternative measurement date consisting of the closest month-end date to its fiscal year-end. (This decision is consistent with ASU 2015-04 regarding sponsors of employee benefit plans.) However, the Task Force decided that contributions, distributions, and other significant events between the alternative measurement date and the fiscal year-end will be disclosed rather than adjusted for within the financial statements.

  The final consensus related to the measurement of FBRICs and plan asset disclosures will be effective for fiscal years beginning after December 15, 2015, and must be applied retrospectively. The final consensus related to the practical expedient of an alternative measurement date for plan assets will also be effective for fiscal years beginning after December 15, 2015, and must be applied prospectively. Early adoption is permitted for both final consensuses. FASB ratification is expected at the Board's July 9, 2015, meeting, after which a final ASU will be issued.

- *Issue 15-D, "Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships"* — The Task Force reached a consensus-for-exposure that a novation of a counterparty in a derivative contract would not, in itself, result in the dedesignation of the derivative from the hedge accounting relationship. The Task Force deliberated whether the novation of a counterparty is, in itself, a change in critical terms but instead decided that a change in a counterparty's creditworthiness is the critical term to consider and that an entity would assess this term when evaluating hedge effectiveness in each reporting period under current U.S. GAAP. Further, Task Force members noted that if the counterparty's creditworthiness is significantly different, the derivative hedge may not meet the highly effective hedge threshold for hedge accounting.

  The consensus-for-exposure would be applied prospectively to derivative contracts that are novated after the guidance's effective date. However, the proposed ASU will ask stakeholders whether the Board should provide relief by allowing entities to apply a retrospective transition method to contracts that were (1) dedesignated from a hedging relationship to which the shortcut method was originally applied and then (2) designated in a hedging relationship to which the long-haul hedge effectiveness method was subsequently applied. The Task Force will discuss the effective date at a future meeting. FASB ratification is expected at the Board's July 9, 2015, meeting, after which a proposed ASU will be issued for public comment.

- *Issue 15-E, "Contingent Put and Call Options in Debt Instruments"* — The Task Force reached a consensus-for-exposure that when assessing whether a contingent put or call option embedded in a debt instrument must be bifurcated as an embedded derivative and recorded at fair value through earnings, an entity would apply a four-step decision sequence related to determining whether a put or call option that accelerates the repayment of the debt contract's principal is clearly and closely related to the debt instrument. Thus, a potential embedded derivative would not fail to be clearly and closely related solely because the exercise of the contingent put or call option is indexed to an extraneous event or factor. Further, the Task Force decided that an entity may elect the fair value option for debt instruments with embedded puts and calls that, as a result of this guidance, would otherwise be separated and accounted for as a derivative contract.

Entities would be required to adopt a modified retrospective transition approach, with a cumulative catch-up adjustment to opening retained earnings in the period of adoption. The Task Force will discuss the effective date at a future meeting. FASB ratification is expected at the Board's July 9, 2015, meeting, after which a proposed ASU will be issued for public comment.

- *Issue 15-F, "Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments"* — The Task Force tentatively decided that:

  1. All debt prepayment and extinguishment costs should be classified as financing activities.
  2. The settlement of a zero-coupon bond would be classified within operating and financing activities. The cash payment of the accreted interest would be classified within operating activities, while the cash payment attributable to the original proceeds (i.e., the principal) would be classified within financing activities.
  3. Contingent consideration payments that were not made on the acquisition date or soon before or after the business combination would be classified within operating and financing activities. Cash payments up to the fair value amount of the contingent consideration liability, including any measurement-period adjustments, recognized as of the acquisition date would be classified within financing activities, while any excess cash payments would be classified within operating activities.
  4. The cash proceeds from the settlement of insurance claims would be based on the nature of the insurance coverage. For example, cash proceeds from insurance claims related to a building or manufacturing equipment would be classified in investing activities, while cash proceeds from insurance claims related to inventory or business interruption insurance would be classified within operating activities.

At its September 17, 2015, meeting, the Task Force is expected to (1) redeliberate the cash flow classification of restricted cash and proceeds from the settlement of corporate-owned life insurance policies; (2) discuss three other cash flow issues: (a) distributions received from equity method investees, (b) beneficial interests in securitization transactions, and (c) application of the predominance principle; and (3) deliberate the transition alternatives for each issue. The Task Force will discuss the effective date at a future meeting.

Next Steps: The next EITF decision-making meeting is tentatively scheduled for September 17, 2015.

Other Resources: Deloitte's June 2015 *EITF Snapshot*. Also see the meeting materials and minutes on the FASB's Web site.

FAF

FAF Concludes Post-Implementation Review of Statement 160

Affects: All entities.

Summary: On May 20, 2015, the FAF issued a PIR report on Statement 160 (codified in ASC 810), which was released in 2007 and provided guidance on noncontrolling interests in consolidated financial statements. The report concludes that Statement 160 is generally useful to investors and fulfills its purpose. For example, the Statement:

- Eliminates "the diversity associated with reporting noncontrolling interests in the financial statements."
- Increases "the relevance of reported financial information on noncontrolling interests."

- Converges the guidance on noncontrolling interests with that in the IASB's IAS 27.

The FAF did not make any major standard-setting recommendations to the FASB after performing the PIR of Statement 160.

Other Resources: For more information, see the press release and FASB response letter on the FAF's Web site.

FAF Issues 2014 Annual Report

Affects: All entities.

Summary: On May 18, 2015, the FAF released its 2014 annual report, which focuses on the FAF/FASB/GASB strategic plan (published in April 2014) and how the organizations can "build a better GAAP." The report also summarizes the accomplishments of the three organizations over the past year and reiterates their four priorities (see "FAF, FASB, and GASB Release Strategic Plan" article below).

Other Resources: For more information, see the press release on the FAF's Web site.

FAF, FASB, and GASB Release Strategic Plan

Affects: All entities.

Summary: In April 2015, the FAF announced that the FAF, FASB, and GASB have published their strategic plan, which outlines the three organizations' long-term vision and goals. The plan describes the agencies' roles and details the top four priorities related to carrying out their collective mission:

- "Practicing and promoting continued excellence in standard setting."
- "Demonstrating a commitment to leadership in standard setting."
- "Building and maintaining trust with stakeholders."
- "Promoting public discourse on current and future financial reporting issues."

Other Resources: For more information, see the press release on the FAF's Web site.

Private Companies

PCC Holds May 2015 Meeting

Affects: Private companies.

Summary: At its May 5, 2015, meeting, the PCC discussed the effective dates of PCC alternatives; share-based payments; and the FASB's projects on (1) business entities' disclosures about government assistance, (2) the disclosure framework, and (3) simplifying the balance sheet classification of debt.

In addition, the PCC requested that the FASB conduct research on clarifying the application of certain aspects of the guidance on variable interest entities to private companies under common control.

Next Steps: The next PCC meeting is scheduled for July 21, 2015.

Other Resources: For more information, see the media meeting recap on the FASB's Web site.

CFA Publishes Report on Investors' Perspectives Regarding Efforts to Reduce Cost and Complexity of Private-Company Reporting

Affects: All entities.

Summary: In May 2015, the CFA Institute[1] published a report on a survey that sought investors' feedback on the ongoing attempts of standard setters to reduce financial reporting complexity and compliance costs for private companies (e.g., the FASB's standards released in conjunction with the PCC, the IASB's *IFRS for SMEs*). The report reveals that most of the investors surveyed appear to believe that such efforts will ultimately decrease comparability and result in an overall decline in decision-useful information. Commenting on the findings, Mohini Singh, the author of the report and director of financial reporting policy at the CFA Institute, points out that "[i]nvestors do not want separate private company reporting [but] believe that the issue of financial reporting complexity should be addressed for all types of companies."

Other Resources: For more information, see a summary of the report in the *CFA Institute Magazine* and an article about the report on the CFA Institute's Web site.

Revenue

FASB and IASB Discuss Clarifications to Principal-Versus-Agent Guidance in Revenue Standard*

Affects: All entities.

Summary: At their June 22, 2015, joint meeting, the FASB and IASB discussed questions that have arisen regarding the implementation of the principal-versus-agent considerations in their May 2014 joint revenue standard (issued as ASU 2014-09 by the FASB and IFRS 15 by the IASB). The boards made tentative decisions about the following aspects of the principal-versus-agent considerations:

- *Principle for determining whether an entity's promise is to provide or to arrange* — The boards reaffirmed that "an entity's promise is to provide a specified good or service to a customer . . . when it controls the specified good or service before that good or service is transferred to the customer."
- *Unit of account for the principal-versus-agent evaluation* — The boards tentatively decided to clarify that "a specified good or service is a distinct good or service (or distinct bundle of goods or services)."
- *Application of the control principle* — The boards tentatively decided to clarify how the control principle is applied with respect to services.
- *Control indicators* — The boards decided to further explain the role of the control indicators in ASC 606 and IFRS 15.
- *Illustrative examples* — The boards decided to amend, and include additional, principal-versus-agent examples in ASC 606 and IFRS 15.

Next Steps: The FASB has decided not to proceed with drafting a proposed ASU until it reaches a consensus on the issue it discussed separately related to whether a principal should estimate gross revenue. The IASB decided that it will include the joint tentative decisions with other earlier proposed clarifications to IFRS 15 in a single ED, which is expected to be published before the end of July 2015.

Other Resources: For more information, see Deloitte's June 26, 2015, journal entry as well as the tentative Board decisions on the FASB's Web site.

[1] On its Web site, the CFA Institute is described as a "global association of investment professionals."

International

IASB Completes Post-Implementation Review of IFRS 3*

Affects: Entities reporting under IFRSs.

Summary: On June 17, 2015, the IASB released a PIR report on IFRS 3 on business combinations. The PIR report assessed information gathered from academic literature as well as feedback from (1) investors and other financial statement users and (2) preparers, auditors, and regulators. The review concluded that although there is general support for IFRS 3, views were mixed on certain elements of the standard, including the following:

- Investors:
    - Subsequent accounting for goodwill.
    - Separate recognition of intangible assets.
    - Measurement of noncontrolling interests.
    - Subsequent accounting for contingent consideration.
- Preparers, auditors, and regulators:
    - Definition of a business.
    - Fair value measurement.
    - Impairment test for goodwill.
    - Contingent payments to selling shareholders who become employees.

On the basis of the PIR report, the IASB added to its agenda two research projects that will focus on:

- Effectiveness and complexity of testing goodwill for impairment.
- Subsequent accounting for goodwill.
- Challenges related to applying the definition of a business.
- Identification and fair value measurement of intangible assets such as customer relationships and brand names.

Other Resources: For more information, see the press release and project page on the IASB's Web site.

IFRS Foundation Releases 2014 Annual Report

Affects: Entities reporting under IFRSs.

Summary: On May 5, 2015, the IFRS Foundation released its 2014 annual report. The report contains the foundation's newly developed mission statement and describes its strategic priorities for 2015–2017, which include four goals:

- Developing a "single set of high quality, globally enforceable accounting standards."
- Pursuing global IFRS adoption.
- Supporting "consistent application and implementation of IFRS."
- Ensuring the "continued independence, stability and accountability of the IFRS Foundation."

Other Resources: For more information, see the press release on the IASB's Web site.

IIRC and Seven Other Organizations Publish ”Landscape Map”

Affects: All entities.

Summary: On May 5, 2015, the IIRC and seven other of the ”world’s most prominent organizations” published a ”landscape map” containing ”a snapshot of a comparison of their frameworks, standards and related requirements through the lens of Integrated Reporting.” The landscape map comes on the heels of the organizations’ 2014 ”corporate reporting dialogue,” an initiative in which they pledged their cooperation to ”respond to market calls for greater coherence, consistency and comparability between frameworks, standards and related requirements.”

Other Resources: For more information, see the press release on the IIRC’s Web site.

ITG Discusses Implementation of Impairment Requirements in IFRS 9

Affects: Entities reporting under IFRSs.

Summary: On April 22, 2015, the IFRS Transition Resource Group for Impairment of Financial Instruments (ITG) held its first meeting. The IASB established the ITG to address implementation issues related to the new impairment requirements in IFRS 9.

Topics discussed at the meeting included:

- Forecasts of future economic conditions.
- Loan commitments — scope.
- Expected credit losses — measurement date.
- Assessment of significant increases in credit risk for guaranteed debt instruments.
- The maximum period for an entity to consider when measuring expected credit losses.
- Revolving credit facilities.
- Measurement of expected credit losses for an issued financial guarantee contract.
- Measurement of expected credit losses related to a modified financial asset.

Next Steps: The next ITG meeting is scheduled for September 16, 2015.

Other Resources: For more information about the topics discussed at the meeting, see Deloitte’s April 24, 2015, *IFRS in Focus* newsletter.

IASB Chairman Outlines New Mission Statement for the IASB and IFRS Foundation

Affects: Entities reporting under IFRSs.

Summary: On April 15, 2015, IASB Chairman Hans Hoogervorst gave a speech at an IFRS Foundation trustees stakeholder event in Toronto, Canada. Among other things, Mr. Hoogervorst discussed the IASB’s and IFRS Foundation’s new mission statement. He pointed out that this statement stresses the importance of the transparency of financial information, accountability in capital markets, and economic efficiency. Furthermore, he noted that the work of the two organizations ”serves the public interest by fostering trust, growth and long-term financial stability in the global economy.”

Other Resources: For more information, see the press release on the IASB’s Web site.

IFRS Foundation Releases Guide on Global Use of IFRSs

Affects: Entities reporting under IFRSs.

Summary: On April 15, 2015, the IFRS Foundation released the 2015 version of its publication *IFRSs as Global Standards: A Pocket Guide*. The guide's primary purpose is to summarize the extent of IFRS adoption in 138 countries.

Other Resources: For more information, see the press release on the IASB's Web site.

Auditing Developments

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AICPA

AICPA and NASBA Propose Statement on Standards for CPE Programs

Affects: U.S. CPAs.

Summary: On May 19, 2015, NASBA announced that it and the AICPA have jointly issued an ED that would "establish a framework for the development, presentation, measurement, and reporting of CPE programs and thereby help to ensure that CPAs receive the quality CPE necessary to satisfy their obligations to serve the public interest." The ED further indicates that the standards would "also apply to other professionals by virtue of employment or membership. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit."

Next Steps: Comments on the ED are due by October 1, 2015.

Other Resources: For more information, see the press release on NASBA's Web site.

AICPA Releases Publication on Enhancing Audit Quality

Affects: Auditors of private companies, employee benefit plans, and governmental entities.

Summary: On May 14, 2015, the AICPA released a publication that suggests the following six-point plan for improving audit quality:

- Improving pre-licensure (i.e., pre-CPA) accounting education programs.
- Revising the AICPA's standards and *Code of Professional Conduct*.
- Launching competency and training programs for CPAs.
- Enhancing the AICPA's peer review program.
- Piloting "a new technology-based quality monitoring tool."
- Collaborating on an ethics enforcement program with the NASBA.

AICPA Proposes Revised Definition of the Term "Affiliate"

Affects: Auditors.

Summary: On April 16, 2015, the PEEC of the AICPA issued an ED that would revise the definition of the term "affiliate" in its *Code of Professional Conduct*. The ED is being released in response to feedback indicating that it may not be appropriate to include both multiemployer and multiple-employer benefit plans in the definition of "affiliates of participating employers that sponsor these plans." The PEEC concludes that although "multiple employer plans should be considered affiliates of the participating employer that sponsors the plan, . . . the same should [not] apply for multiemployer plans."

Comments on the ED were due by May 18, 2015.

Employee Benefit Plans

Employee Benefits Security Administration Publishes Report on the Quality of Benefit Plan Audits

Affects: Auditors of employee benefit plans.

Summary: On May 28, 2015, the U.S. Labor Department's Employee Benefits Security Administration (EBSA) published a report on audits "performed by independent qualified public accountants . . . with respect to financial statement audits of employee benefit plans covered under the Employee Retirement Income Security Act of 1974 . . . for the 2011 filing year." The report states that EBSA "found that 61% of the audits fully complied with professional auditing standards or had only minor deficiencies under professional standards. However, 39% of the audits (nearly 4 out of 10) contained major deficiencies with respect to one or more relevant GAAS requirements which would lead to rejection of a Form 5500 filing, putting $653 billion and 22.5 million plan participants and beneficiaries at risk."

Other Resources: For more information, see the press release on the U.S. Department of Labor's Web site.

PCAOB

PCAOB Issues Concept Release on Audit Quality Indicators*

Affects: Registered public accounting firms.

Summary: On June 30, 2015, the PCAOB issued a concept release that requests public comments on "the content and possible uses of audit quality indicators" (i.e., measures that provide insight into audit quality). PCAOB Chairman James R. Doty indicated that one of the objectives of the concept release is to "stimulate discussion about the drivers of audit quality." He further notes that "[c]urrently, major parts of the audit service are less than fully transparent and improving the transparency of auditing is at the heart of several projects currently on the Board's agenda."

Next Steps: Comments on the concept release are due by September 28, 2015.

Other Resources: For more information, see the press release on the PCAOB's Web site.

PCAOB Requests Comments on Alternative for Disclosing Engagement Partner and Other Audit Participants*

Affects: Registered public accounting firms.

Summary: On June 30, 2015, the PCAOB issued a supplemental request for comment on its "2013 reproposal to require auditors to disclose in the auditor's report the name of the engagement partner and information about certain other participants in the audit." Specifically, the PCAOB is seeking feedback on a proposal under which auditors would disclose such information in a new form, known as Form AP, as an alternative to providing such disclosures in the auditor's report. However, auditors would be permitted to "voluntarily provide the same disclosures in the auditor's report."

Next Steps: Comments are due by August 31, 2015.

Other Resources: For more information, see the press release on the PCAOB's Web site.

PCAOB's Standing Advisory Group Holds June Meeting*

Affects: Registered public accounting firms.

Summary: At the June 18, 2015, PCAOB Standing Advisory Group (SAG) meeting, the PCAOB provided an update on recent developments, including an overview of its current and future standard-setting activities. In addition, the PCAOB and SAG discussed:

- The use of the work of specialists, including how the company and auditor oversee and use the work of the specialists; how the specialists perform their work; how the auditor evaluates the knowledge, skill, and objectivity of the company's specialists and uses their findings; and potential changes and alternatives to address the different requirements in standards that apply to an auditor's employed specialist, an auditor's engaged specialist, and a company's specialist.
- The status of the PCAOB staff's project on auditing accounting estimates and fair value measurements.

Next Steps: The next SAG meeting is scheduled for November 12–13, 2015.

Other Resources: Deloitte's July 1, 2015, *Heads Up*.

PCAOB Issues Staff Consultation Paper on Improving Standards for the Auditor's Use of the Work of Specialists

Affects: Registered public accounting firms.

Summary: On May 28, 2015, the PCAOB issued a staff consultation paper that requests comments on "potential changes to standards for the auditor's use of the work of specialists, specifically the objectivity and oversight of specialists and the use of their work in audits." The paper "discusses the increase in the use and importance of specialists in recent years due, in part, to the increasing complexity of business transactions reported in a company's financial statements."

Next Steps: Comments on the staff consultation paper are due by July 31, 2015.

Other Resources: For more information, see the press release on the PCAOB's Web site.

PCAOB Releases "Audit Committee Dialogue" Publication

Affects: Audit committee members.

Summary: On May 7, 2015, the PCAOB released a publication that provides insights into how audit committees can improve their oversight of, and communication with, public-company auditors. In addition to outlining key topics that are "of recurring concern" to audit committees, the publication highlights "emerging risks" that may affect the PCAOB's inspections in the coming year.

Other Resources: For more information, see the press release on the PCAOB's Web site.

International

IFIAR Publishes Report on 2014 Survey of Enforcement Regimes

Affects: Audit firms.

Summary: On April 28, 2015, the IFIAR published a report summarizing the results of a 2014 survey on enforcement regimes of IFIAR members. The report notes that the survey sought information about "(i) the powers of members' enforcement programs; (ii) the structure of their enforcement programs; (iii) the handling of enforcement matters; (iv) the reporting of enforcement matters; (v) history and trends relating to enforcement; (vi) other relevant authorities; and (vii) ideas for enforcement-related reform."

Other Resources: For more information, see the fact sheet and key takeaways on the IFIAR's Web site.

IFIAR Publishes Paper on Current Trends in the Audit Industry

Affects: Audit firms.

Summary: In April 2015, the IFIAR published a paper on current trends in the audit industry in connection with an April 2015 panel session that was jointly organized by IFIAR's Investor and Other Stakeholders Working Group and its Global Public Policy Committee Working Group. The session, which took place in Taipei, Taiwan, was intended to "further the dialog among audit regulators and audit firms on issues impacting audit quality and investor protection."

IESBA Enhances Auditor Independence Provisions of *Code of Ethics for Professional Accountants*

Affects: Auditors.

Summary: On April 14, 2015, the IESBA issued a final pronouncement that amends its *Code of Ethics for Professional Accountants* to no longer permit auditors to "provide certain prohibited non-assurance services to public interest entity . . . audit clients in emergency situations [and ensure] that they do not assume management responsibility when providing non-assurance services to audit clients." Speaking about how the amendments would improve the code, IESBA Chairman Dr. Stavros Thomadakis noted, "These enhancements will not only further reinforce independence but also promote greater consistency of application of the Code's provisions in the 100-plus jurisdictions around the world where the Code is currently in use."

Next Steps: The amendments will become effective on April 15, 2016. Early adoption is permitted.

Other Resources: For more information, see the press release on IFAC's Web site.

IAASB Releases Publication on Key Audit Matters

Affects: Auditors.

Summary: On April 22, 2015, the IAASB released a publication that provides auditors with nonauthoritative guidance on how they should apply the concept of key audit matters (KAM) to comply with the requirements of ISA 701. Topics covered in this publication include:

- Language that must be included in the auditor's report when KAM are communicated.
- Factors that may affect the number of KAM to communicate in the auditor's report.
- Elements that must be included in the description of KAM.
- Order in which an auditor should present the items in the KAM section.

IAASB Revises Standard on Auditor's Responsibilities Related to Other Information

Affects: Auditors.

Summary: On April 8, 2015, the IAASB issued a revised version of ISA 720, which provides guidance on an auditor's responsibilities related to "other information." The standard defines other information as "financial and non-financial information, other than the audited financial statements, that is included in entities' annual reports." The purpose of the revisions is to "clarify and increase the auditor's involvement with" such information.

Next Steps: The revised standard is effective for financial statement audits for periods ending on or after December 15, 2016.

Other Resources: For more information, see the press release and at-a-glance document on IFAC's Web site.

Governmental Accounting and Auditing Developments

In This Section

- FASAB
  - FASAB Issues Proposal on Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials*
- GASB
  - GASB Issues Statement to Simplify the GAAP Hierarchy for State and Local Governments*
  - GASB Enhances Accounting for Pensions and Other Postemployment Benefits*
  - GASB Issues Proposal on Irrevocable Split-Interest Agreements*

FASAB

FASAB Issues Proposal on Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials*

Affects: Entities applying federal financial accounting standards.

Summary: On June 2, 2015, the FASAB issued an ED of a proposed Statement that would permit reporting entities to "apply an alternative valuation method in establishing opening balances for inventory, [operating materials and supplies], and stockpile materials" (these assets are described in FASAB Statement 3). However, an entity would only be allowed to use such a method when information is presented in accordance with U.S. GAAP "either (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method."

Next Steps: Comments on the ED are due by July 20, 2015.

Other Resources: For more information, see the press release on the FASAB's Web site.

GASB

GASB Issues Statement to Simplify the GAAP Hierarchy for State and Local Governments*

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

Summary: On June 29, 2015, the GASB issued Statement 76 in an effort to simplify the structure of the GAAP hierarchy for state and local governments. Specifically, the Statement eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears.

Next Steps: Statement 76 is effective for reporting periods beginning after June 15, 2015.

Other Resources: For more information, see the press release on the GASB's Web site.

GASB Enhances Accounting for Pensions and Other Postemployment Benefits*

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

Summary: On June 29, 2015, the GASB issued the following three Statements to improve the accounting for pensions and other postemployment benefits (OPEB):

- *Statement 73* — Generally aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68.
- *Statement 74* — Addresses "reporting by OPEB plans that administer benefits on behalf of governments."
- *Statement 75* — Provides guidance on "reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments."

Next Steps: Statement 73 is effective for fiscal years beginning after June 15, 2015, with the exception of the "provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016"; Statement 74 is effective for financial statements for fiscal years beginning after June 15, 2016; and Statement 75 is effective for fiscal years beginning after June 15, 2017. Early adoption of the standards is encouraged.

Other Resources: For more information, see the press release on the GASB's Web site.

GASB Issues Proposal on Irrevocable Split-Interest Agreements*

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

Summary: On June 12, 2015, the GASB issued an ED of a proposed Statement that "would enhance comparability of financial statements among governments by providing specific accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary." In addition, the proposal would improve the transparency and decision-usefulness of general-purpose external financial reports.

Next Steps: Comments on the ED are due by September 18, 2015.

Other Resources: For more information, see the press release on the GASB's Web site.

Regulatory and Compliance Developments

In This Section

- Banking
  - Federal Reserve, OCC, and FDIC Publish FAQs on Regulatory Capital Rule
- SASB
  - SASB Issues Provisional Standards for Consumption Industries*
  - SASB Proposes Second Set of Standards for Consumption Sector
- SEC
  - SEC Proposes Revisions to Audit Committee Disclosure Requirements*
  - SEC Proposes New Clawback Requirements*
  - SEC Staff Issues Guidance on Amendments to Regulation A*
  - SEC Updates EDGAR Filer Manual and Technical Specifications*
  - SEC Staff Releases Analysis of Proposed Rule on Pay Ratio Disclosures*
  - SEC Proposes Rules for Investment Companies and Investment Advisers
  - SEC and CFTC Issue Interpretation on Forward Contracts With Volumetric Optionality
  - SEC Issues Proposed Rule on Pay Versus Performance
  - SEC Issues Proposed Rule on Cross-Border Security-Based Swap Transactions
  - SEC and FINRA Release Report on Examinations of Broker-Dealers' Policies Related to Senior Investors
- International
  - IOSCO Proposes Standards on Fees and Expenses of Investment Funds*
  - IFRS Foundation Issues Taxonomy Guide for Regulators*

Banking

Federal Reserve, OCC, and FDIC Publish FAQs on Regulatory Capital Rule

Affects: Banking entities.

Summary: On April 6, 2015, the Federal Reserve, OCC, and FDIC published a series of FAQs on the agencies' regulatory capital rule that was released in 2013. The questions are grouped by topic. Topics covered include the following:

- The definition of capital.
- Exposures to high-volatility commercial real estate.
- Other real estate and off-balance-sheet exposures.
- Equity exposures to investment funds.
- Qualifying central counterparties.
- Credit valuation adjustments.

Other Resources: For more information, see the supervisory letter on the Federal Reserve's Web site.

SASB

SASB Issues Provisional Standards for Consumption Industries*

Affects: Industries within the scope of the standards.

Summary: On July 1, 2015, the SASB issued provisional standards for the consumption industries. The standards are the eighth set 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 focus on material sustainability matters that corporations are already required to disclose in their Form 10-K or 20-F filings with the SEC.

The standards apply to the following industries:

- Agricultural products.
- Meat, poultry, and dairy.
- Processed foods.
- Nonalcoholic beverages.
- Alcoholic beverages.
- Tobacco.
- Household and personal products.

The Board's first seven sets of provisional standards focus on communications, financials, health care, nonrenewable resources, provisional services, resource transformation, and transportation.

Other Resources: For more information, see the industry briefs on the SASB's Web site.

- IFAC Issues Thought Paper on Effective Risk Management at an Organization
- IOSCO Reports on Assessment of Credit Risk by Large Market Intermediary Firms
- IESBA Issues Proposal on Framework for Addressing Noncompliance With Laws and Regulations
- IFAC Requests Comments on Member Compliance Program Strategy for 2016–2018
- IVSC Issues Engagement Paper on Review Group Report
- Basel Committee Issues Net Stable Funding Ratio Disclosure Standards*
- Basel Committee Issues Proposal on Interest Rate Risk*
- Basel Committee Removes Certain "National Discretions" From Capital Framework and Issues FAQ on Valuation Adjustment

SASB Proposes Second Set of Standards for Consumption Sector

Affects: Industries within the scope of the standards.

Summary: On April 9, 2015, the SASB released its second set of proposed standards for industries in the consumption sector. Industries to which the proposals apply include:

- Apparel, accessories, and footwear.
- Appliance manufacturing.
- Building products and furnishings.
- Drug retailers and convenience stores.
- E-commerce.
- Food retailers and distributors.
- Multiline and specialty retailers and distributors.
- Toys and sporting goods.

Next Steps: Comments on the proposed standards are due by July 7, 2015.

SEC

SEC Proposes Revisions to Audit Committee Disclosure Requirements*

Affects: SEC registrants.

Summary: On July 1, 2015, the SEC issued a concept release that requests feedback on potential enhancements to the audit committee disclosure requirements. In particular, the Commission is hoping to learn more about the factors the audit committee considers when overseeing the independent auditor. Regarding the need for an ongoing assessment of these requirements, SEC Chairman Mary Jo White points out that "[t]he way audit committees exercise their oversight of independent auditors has evolved and it is important to evaluate whether investors have the information they need to make informed decisions."

Next Steps: Comments on the concept release 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 Proposes New Clawback Requirements*

Affects: SEC registrants.

Summary: On July 1, 2015, the SEC issued a proposed rule that would require companies to adopt "clawback" polices on executive compensation. Specifically, the proposal, which is being released in response to a mandate in Section 954 of the Dodd-Frank Act, "would direct the national securities exchanges and national securities associations to establish listing standards that would require each issuer to develop and implement a policy providing for the recovery, under certain circumstances, of incentive-based compensation based on financial information required to be reported under the securities laws that is received by current or former executive officers, and require the disclosure of the policy." This proposal marks the completion of the SEC's issuance of proposed executive compensation rules under the Dodd-Frank Act.

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 Staff Issues Guidance on Amendments to Regulation A*

Affects: SEC registrants.

Summary: On June 18, 2015, the SEC staff issued guidance on its March 2015 amendments to Regulation A. The amendments, which were issued to implement Section 401 of the JOBS Act, exempt certain offerings from registration under the Securities Act of 1933.

Specifically, the amendments provide relief for entities that offer and sell up to $50 million of securities in a 12-month period if they meet specified eligibility, disclosure, and reporting requirements. The amendments became effective on June 19, 2015.

The SEC staff also recently issued and revised a number of C&DIs to provide additional guidance on Regulation A. Specifically, the staff added questions 182.01 through 182.11 under the Securities Act Rules interpretations and withdrew questions 128.01 and 128.03 from the Securities Act Forms interpretations.

SEC Updates EDGAR Filer Manual and Technical Specifications*

Affects: SEC registrants.

Summary: On June 18, 2015, the SEC issued a final rule to implement Release 15.2 of its EDGAR system filer manual. The release updates volume II of EDGAR as well as several XML technical specifications, including those related to EDGARLink online, EDGAR ABS, and EDGAR Regulation A. Specific updates include:

- New and updated submission form types.
- Removal of OMB expiration dates from certain submission forms.
- Removal of support for US-GAAP-2013 and EXCH-2013 taxonomies.
- New element types.
- Schema updates.

The final rule became effective on June 29, 2015.

Other Resources: For more information, see the EDGAR page on the SEC's Web site.

SEC Staff Releases Analysis of Proposed Rule on Pay Ratio Disclosures*

Affects: SEC registrants.

Summary: On June 4, 2015, the SEC staff released an analysis of its September 2013 proposed rule on pay ratio disclosures. The analysis, which was developed by the Commission's Division of Economic and Risk Analysis, examines "the potential effects of excluding different percentages of employees from the pay ratio calculation."

Next Steps: Interested parties may submit comments on the analysis via the proposed rule's comment file (File No. S7-07-13). Comments are due by July 6, 2015.

Other Resources: For more information, see the press release on the SEC's Web site. Also see Deloitte's September 19, 2013, journal entry for further details regarding the proposed rule.

SEC Proposes Rules for Investment Companies and Investment Advisers

Affects: SEC registrants.

Summary: On May 20, 2015, the SEC issued two proposed rules that would "modernize and enhance" the reporting and disclosure requirements for investment companies and investment advisers. The purpose of the proposals is to improve the "quality of information available to investors" and facilitate the Commission's collection and use of data that investment companies and investment advisers provide.

The proposed rule on investment-company reporting would require "mutual funds, ETFs and other registered investment companies" to report information in a new structured format that would be easier for the SEC and the public to analyze. Further, this proposal "would permit but not require registered investment companies to transmit periodic reports to their shareholders by making the reports accessible on a website and satisfying certain other conditions."

The proposed rule for investment advisers would require disclosures that allow the SEC and investors to get a better picture of the advisers' risk profiles. In addition, this proposal "would require advisers to maintain records of performance calculations and communications related to performance."

Next Steps: Comments on both proposals are due by August 11, 2015.

Other Resources: For more information, see the press release on the SEC's Web site.

SEC and CFTC Issue Interpretation on Forward Contracts With Volumetric Optionality

Affects: All entities.

Summary: On May 12, 2015, the SEC and CFTC jointly issued an interpretive release that clarifies the CFTC's "interpretation of when an agreement, contract, or transaction with embedded volumetric optionality would be considered a forward contract." The interpretation is being released in response to a mandate of the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as comments from market participants.

The interpretation became effective on May 18, 2015.

SEC Issues Proposed Rule on Pay Versus Performance

Affects: SEC registrants.

Summary: On April 29, 2015, the SEC issued a proposed rule that would require public companies — except foreign private issuers, registered investment companies, and emerging growth companies — to disclose "the relationship between executive compensation actually paid and the financial performance of the registrant" in proxy or information statements in which executive compensation disclosures are required. In a public statement, SEC Chairman Mary Jo White indicated that she believes that the proposed disclosure requirements would "assist shareholders in assessing a company's executive compensation practices and policies [and] inform [them] when voting in an election of directors and in connection with a shareholder's advisory vote on executive compensation."

Next Steps: Comments on the proposed rule are due by July 6, 2015.

Other Resources: For more information, see Deloitte's May 29, 2015, *Heads Up* as well as the press release on the SEC's Web site.

SEC Issues Proposed Rule on Cross-Border Security-Based Swap Transactions

Affects: SEC registrants.

Summary: On April 29, 2015, the SEC issued a proposed rule that would "require a non-U.S. company that uses U.S. personnel to arrange, negotiate, or execute a transaction in connection with its dealing activity to include that transaction in determining whether it is required to register as a security-based swap dealer." SEC Chairman Mary Jo White stated that "the rules will help ensure that both U.S. and non-U.S. dealers are subject to [the SEC's] registration, reporting, public dissemination and business conduct requirements when they engage in security-based swap activity in the United States, resulting in increased transparency and enhanced stability and oversight."

Next Steps: Comments on the proposed rule are due by July 13, 2015.

Other Resources: For more information, see the press release on the SEC's Web site.

SEC and FINRA Release Report on Examinations of Broker-Dealers' Policies Related to Senior Investors

Affects: All entities.

Summary: On April 15, 2015, the SEC and FINRA released a report on the two organizations' examinations of broker-dealers that "conduct business with senior investors [i.e., those aged 65 and older] as they prepare for and enter into retirement." The objective of the report is to "facilitate a thoughtful analysis with regard to [broker-dealers'] existing policies and procedures related to senior investors and senior-related topics and whether these policies and procedures need to be further developed or refined."

Other Resources: For more information, see the press release on the SEC's Web site.

International

IOSCO Proposes Standards on Fees and Expenses of Investment Funds*

Affects: Operators of collective investment schemes (CISs) and their regulators.

Summary: On June 25, 2015, IOSCO released a consultation report that requests feedback on its updated standards for CIS operators and their regulators. The objective of the report is to determine whether the 2004 standards on this topic remain valid or whether they "might be updated or supplemented in the light of market and regulatory changes."

Next Steps: Comments on the consultation report are due by September 23, 2015.

Other Resources: For more information, see the press release on IOSCO's Web site.

IFRS Foundation Issues Taxonomy Guide for Regulators*

Affects: All entities.

Summary: On June 3, 2015, the IFRS Foundation issued a guide to help market regulators and other organizations adopt and use the IFRS taxonomy within an electronic filing system. Topics covered in the guide include:

- How to get started.
- IFRS taxonomy architecture.
- Architecture options for using the IFRS taxonomy in a filing system.
- Best practices/recommendations.

Other Resources: For more information, see the press release on the IASB's Web site.

IFAC Issues Thought Paper on Effective Risk Management at an Organization

Affects: All entities.

Summary: On May 7, 2015, IFAC issued a thought paper that discusses the importance of effective risk management at an organization (e.g., internal control). The paper points out that an effective risk management program helps organizations comply with regulatory requirements and react to surprising and disruptive situations.

Other Resources: For more information, see the press release on IFAC's Web site.

IOSCO Reports on Assessment of Credit Risk by Large Market Intermediary Firms

Affects: Large market intermediary firms.

Summary: On May 7, 2015, IOSCO released for public comment a consultation report on how large market intermediary firms assess creditworthiness. One of the report's primary objectives is to "identify 'sound practices' currently in place at these firms with regard to the use of alternatives to credit ratings to assess creditworthiness."

Next Steps: Comments on the consultation report are due by July 8, 2015.

Other Resources: For more information, see the press release on IOSCO's Web site.

IESBA Issues Proposal on Framework for Addressing Noncompliance With Laws and Regulations

Affects: Professional accountants (PAs).

Summary: On May 6, 2015, the IESBA issued an ED that requests comments on its proposed framework for how PAs should respond when they observe or suspect an entity's noncompliance with laws and regulations. Specifically, the proposal outlines how PAs can best "act in the public interest" when they encounter such noncompliance.

Next Steps: Comments on the ED are due by September 4, 2015.

Other Resources: For more information, see the press release on IFAC's Web site.

IFAC Requests Comments on Member Compliance Program Strategy for 2016–2018

Affects: IFAC member bodies.

Summary: On May 4, 2015, IFAC issued a consultation paper that requests comments on its IFAC Member Compliance Program for 2016–2018. The program's objective is to serve "the public interest by promoting the adoption and support of implementation of international standards on public and private sector accounting, auditing, ethics, and education as well as the establishment of related quality assurance review systems and enforcement mechanisms."

Next Steps: Comments on the consultation paper are due by July 3, 2015.

Other Resources: For more information, see the press release on IFAC's Web site.

IVSC Issues Engagement Paper on Review Group Report

Affects: All entities.

Summary: In May 2015, the IVSC issued an engagement paper that requests feedback on a report published by the IVSC Review Group regarding the structure and future of the IVSC. The paper points out that the report concluded that, though the IVSC is the "most appropriate" organization for developing international valuation standards, reforms are necessary. The priorities of these reforms, according to the report, should include enhancing the standard setter's "long-term viability" and improving its standards.

Next Steps: Comments on the engagement paper are due by September 1, 2015.

Other Resources: For more information, see the press release on the IVSC's Web site.

Basel Committee Issues Net Stable Funding Ratio Disclosure Standards*

Affects: Banking entities.

Summary: On June 22, 2015, the Basel Committee issued a set of standards that require banks to use a common template in providing disclosures related to the net stable funding ratio (NSFR). The purpose of the disclosure requirements is to "improve the transparency of regulatory funding requirements, reinforce the [committee's liquidity risk management principles], strengthen market discipline, and reduce uncertainty in the markets as the NSFR is implemented."

Next Steps: Banks must comply with the new disclosure requirements as of the date of the first reporting period after January 1, 2018.

Other Resources: For more information, see the press release on the BIS's Web site.

Basel Committee Issues Proposal on Interest Rate Risk*

Affects: Banking entities.

Summary: On June 22, 2015, the Basel Committee released for public comment a consultative document that would supersede the committee's 2004 principles for managing and supervising interest rate risk. The proposal indicates that its purpose is twofold: (1) "to help ensure that banks have appropriate capital to cover potential losses from exposures to changes in interest rates" and (2) "to limit incentives for capital arbitrage between the trading book and the banking book, as well as between banking book portfolios that are subject to different accounting treatments."

Next Steps: Comments on the consultative document are due by September 11, 2015.

Other Resources: For more information, see the press release on the BIS's Web site.

Basel Committee Removes Certain "National Discretions" From Capital Framework and Issues FAQ on Valuation Adjustment

Affects: Banking entities.

Summary: On April 21, 2015, the Basel Committee announced that it has decided to remove certain "national discretions" (i.e., provisions that permit "countries to adapt the Basel standards to reflect differences in local financial systems") from the Basel capital framework. Topics affected include:

- Treatment of past-due loans.
- Definition of retail exposures.
- Transition requirements for corporate, sovereign, retail, and bank exposures.
- Rating structure standards for wholesale exposures.
- Internal and external audits.
- Reaging requirements.

In addition, on this same date, the committee issued an FAQ on how a bank should calculate the capital adjustment for its own credit when adopting a funding valuation adjustment. The committee concluded that "a bank should continue to derecognise its debit valuation adjustment in full, whether or not it has adopted a funding valuation-type adjustment."

Other Resources: For more information, see the press release on the BIS's Web site.

Appendix A: Current Status of FASB Projects

This appendix summarizes the objectives,[1] current status, and next steps for the FASB's active standard-setting projects (excluding framework and research initiatives as well as PCC projects).

Project	Description	Status and Next Steps
Recognition and Measurement Projects		
Accounting for financial instruments	This project consists of three phases: (1) classification and measurement, (2) impairment, and (3) hedging. 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."	**Classification and Measurement** The Board is currently deliberating targeted improvements to existing GAAP. At its January 14, 2015, meeting, the FASB tentatively decided to (1) not require core deposit liability disclosures, (2) reaffirm its previous decision to apply a modified retrospective approach, and (3) issue a new ED related to disclosure requirements for hybrid financial instruments. The Board directed the staff to begin drafting the final ASU. The final standard is expected to be issued during the fourth quarter of 2015. The Board will discuss the effective date at a future meeting. For more information, see Deloitte's February 2, 2015, *Heads Up*. **Impairment** The Board is currently deliberating aspects of the current expected credit loss model that it exposed for comment in 2012. At its April 22, 2015, meeting, the FASB tentatively decided to amend the definition of a PCI asset to include assets for which there has been a more-than-insignificant deterioration in credit quality since origination. Further, the Board reaffirmed its decision that PCI assets acquired in a business combination are within the scope of the PCI "gross-up" approach. The Board directed the staff to draft a final ASU, which is expected to be issued during the fourth quarter of 2015. For more information, see Deloitte's March 13, 2015, *Heads Up*; and April 23, 2015, journal entry. **Hedging** On November 5, 2014, the FASB added the hedge accounting project to its technical agenda. At its June 29, 2015, meeting, the Board made a number of tentative decisions that would significantly modify certain aspects of the existing hedge accounting model. Specifically, the FASB discussed three "decision packages" proposed by its staff, which covered aspects of (1) the overall hedging model, (2) financial hedging relationships, and (3) the shortcut method. The Board hopes to issue a proposed ASU reflecting the tentative decisions by the end of the year. For more information, see Deloitte's June 30, 2015, journal entry.
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 the IASB's 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. At its April 7, 2015, meeting, the FASB staff updated the Board on the status of the project. As intended, no technical decisions were made.
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."	On April 7, 2015, the FASB staff updated the Board on the research performed since its November 2014 meeting. As intended, no technical decisions were made.

[1] The quoted material related to the projects' objectives is from the respective project pages on the FASB's Web site.

Accounting for income taxes: intra-entity asset transfers and balance sheet classifications of deferred taxes	The purpose of this project is to "simplify accounting for income taxes by: [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. [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."	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. On January 22, 2015, the FASB issued two EDs related to this project. Comments were due by May 29, 2015. For more information, see Deloitte's January 30, 2015, *Heads Up*.
Accounting issues in employee benefit plan financial statements (EITF Issue 15-C)	The purpose of this project is to address issues related to: • 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). • Discrepancies in the requirements for disaggregating assets within those disclosures. • 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 (FBRICs).	At its June 18, 2015, meeting, the EITF reached a final consensus, reaffirming its consensus-for-exposure related to the measurement of FBRICs and plan asset disclosures. FASB ratification is expected at the Board's July 9, 2015, meeting, after which a final ASU will be issued. For more information, see Deloitte's June 2015 *EITF Snapshot*.
Accounting for measurement-period adjustments in a business combination	The purpose of this project is to simplify the accounting for measurement-period adjustments in a business combination.	On May 21, 2015, the FASB issued a proposed ASU related to business combinations that would require an entity to (1) recognize an adjustment to the provisional amounts in the reporting period in which it is determined and (2) record the cumulative effect on earnings of changes in depreciation, amortization, or other income effects as a result of the adjustment to the provisional amounts. The guidance would be applied prospectively, and the effective date will be determined after the Board considers feedback from stakeholders. Comments on the proposed ASU are due by July 6, 2015. For more information, see Deloitte's May 26, 2015, *Heads Up*.
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 June 18, 2015, meeting, the EITF reached a final consensus, reaffirming its consensus-for-exposure to amend ASC 815's requirements related to the NPNS scope exception to include certain forward electricity contacts that meet the definition of a derivative within nodal energy markets. FASB ratification is expected at the Board's July 9, 2015, meeting, after which a final ASU will be issued. For more information, see Deloitte's June 2015 *EITF Snapshot*.

Clarifying the definition of a business	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."	On May 21, 2015, the FASB tentatively decided to (1) establish a framework for evaluating whether inputs and processes substantively contribute to the ability to create outputs, (2) amend the definition of a business (specifically related to assessing inputs, processes, and outputs), and (3) provide additional guidance on determining whether a transferred set of activities would be considered an asset or business. For more information, see Deloitte's (1) December 18, 2014; April 8, 2015; and May 22, 2015, journal entries and (2) December 19, 2014, US GAAP Plus news article.
Effect of derivative contract novations on existing hedge accounting relationships (EITF Issue 15-D)	The purpose of this project is to clarify whether and when a novation of a derivative contract that is part of an existing hedge relationship under ASC 815 should result in the dedesignation of the hedging relationship and the discontinuation of hedge accounting.	At its June 18, 2015, meeting, the EITF reached a consensus-for-exposure that a novation of a counterparty in a derivative contract would not, in itself, result in the dedesignation of the derivative from the hedge accounting relationship. FASB ratification is expected at the Board's July 9, 2015, meeting, after which a proposed ASU will be issued for public comment. For more information, see Deloitte's June 2015 *EITF Snapshot*.
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 June 8, 2015, the FASB issued a proposed ASU on share-based payments to simplify several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, minimum statutory withholding requirements, classification in the statement of cash flows, and classification of awards with repurchase features. Comments on the proposed ASU are due by August 14, 2015. For more information, see Deloitte's June 12, 2015, *Heads Up*.
Evaluation of contingent put and call options embedded in debt instruments (EITF Issue 15-E)	The purpose of this project is to clarify the guidance on determining "whether the economic characteristics and risks of an embedded put or call option in a debt instrument are clearly and closely related to the economic characteristics and risks of its debt host."	At its June 18, 2015, meeting, the EITF reached a consensus-for-exposure that when assessing whether a contingent put or call option embedded in a debt instrument must be bifurcated as an embedded derivative and recorded at fair value through earnings, an entity would apply a four-step decision sequence related to determining whether a put or call option that accelerates the repayment of the debt contract's principal is clearly and closely related to the debt instrument. FASB ratification is expected at the Board's July 9, 2015, meeting, after which a proposed ASU will be issued for public comment. For more information, see Deloitte's June 2015 *EITF Snapshot*.
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. At its February 18, 2015, meeting, the FASB tentatively decided that deferred acquisition costs would be amortized either (1) "over the expected life of a book of contracts in proportion to the amount of insurance in force" or (2) on a straight-line basis (in proportion to the number of contracts outstanding) if "the amount of insurance in force is variable and cannot be reliably predicted or is otherwise not readily determinable." On May 21, 2015, the FASB discussed methods for calculating and recording the impact of assumption updates for traditional long-duration, limited payment, and universal life-type contracts. No technical decisions were made, and the Board directed the staff to perform additional research. The FASB expects to release an ED in the fourth quarter of 2015. For more information, see Deloitte's November 20, 2014, and February 19, 2015, journal entries.

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 May 13, 2015, meeting, the Board tentatively decided that for lessor accounting (1) the guidance would contain a collectibility threshold in connection with the evaluation of a lessor's lease classification and (2) certain lease modifications would be applied prospectively from the lease modification date. Further, the FASB tentatively decided that a lessee's purchase of a leased asset during the term of the lease would not result in a gain or loss as a result of the purchase. The final standard is expected to be issued during the fourth quarter of 2015. For more information, see Deloitte's August 28, 2014; October 23, 2014; December 16, 2014; January 23, 2015; February 26, 2015; and May 13, 2015, journal entries.
Recognition of breakage for prepaid stored-value 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. At its March 19, 2015, meeting, the EITF reached a consensus-for-exposure (1) that certain prepaid stored-value cards are financial liabilities and (2) to amend the guidance in ASC 405-20 to include requirements related to recognizing breakage for certain prepaid stored-value cards. On April 30, 2015, the FASB issued an ED related to this project. Comments were due by June 29, 2015. For more information, see Deloitte's March 2015 *EITF Snapshot*.
Revenue recognition: deferral of the effective date of ASU 2014-09	The purpose of this project is to defer the effective date of ASU 2014-09.	At its April 1, 2015, meeting, the FASB tentatively decided to defer for one year the effective date of ASU 2014-09 for public and nonpublic entities reporting under U.S. GAAP. The Board also tentatively decided to permit entities to early adopt the standard. On April 29, 2015, the FASB issued an ED related to this project. Comments were due by May 29, 2015. For more information, see Deloitte's April 29, 2015, *Heads Up*.
Revenue recognition: identifying performance obligations and licenses	The purpose of this project is to clarify the guidance within ASU 2014-09 related to identifying performance obligations and accounting for a license of intellectual property (IP).	On May 13, 2015, the FASB issued a proposed ASU that would amend the guidance on identifying performance obligations and the implementation guidance on licenses of IP. The proposed amendments related to identifying performance obligations include (1) the evaluation of immaterial goods or services, (2) shipping and handling activities, and (3) identifying when promises represent performance obligations. The proposed amendments related to licenses of IP implementation guidance include (1) determining the nature of an entity's promise in granting a license (i.e., functional or symbolic) and (2) applying the sales- and usage-based royalty exception. The effective date and transition provisions would be aligned with the requirements of ASU 2014-09, which is not yet effective (see "Revenue recognition: deferral of the effective date of ASU 2014-09" above). Comments on the ED were due by June 30, 2015. For more information, see Deloitte's May 13, 2015, *Heads Up*.

Revenue recognition: narrow-scope improvements and practical expedients	The purpose of this project is to provide narrow-scope amendments and certain practical expedients to clarify and address implementation issues related to ASC 606.	On March 18, 2015, the FASB and IASB held a joint meeting. The FASB tentatively decided on practical expedients for (1) contract modifications and completed contracts upon transition and (2) the presentation of sales taxes collected from customers. The Board also voted to clarify the guidance on (1) noncash consideration, (2) collectibility, and (3) principal-versus-agent considerations (reporting revenue gross versus net). On June 22, 2015, the FASB and IASB made some additional tentative decisions about principal-versus-agent considerations. The FASB expects to issue a proposed ASU on all clarifications, except for those related to principal-versus-agent considerations, in the third quarter of 2015. The FASB has decided not to proceed with drafting a proposed ASU on principal-versus-agent considerations until it reaches a consensus on whether a principal should estimate gross revenue. For more information, see Deloitte's June 26, 2015, journal entry.
Simplifying the equity method of accounting	The purpose of this project is to simplify the accounting for equity method investments.	On June 5, 2015, the FASB issued a proposed ASU on equity method accounting as part of its simplification initiative. The proposal would amend the accounting for equity method investments, eliminating the requirements for an investor to (1) account for basis differences related to its equity method investees and (2) retroactively account for an investment that becomes newly qualified for use of the equity method because of an increased ownership interest as if the equity method had been applied during all previous periods in which the investment was held. Comments on the proposed ASU are due by August 4, 2015. For more information, see Deloitte's June 16, 2015, *Heads Up*.
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 15, 2014, the FASB issued an ED. At its May 13, 2015, meeting, the FASB tentatively decided that the guidance in the ED would not apply to entities that measure inventory by using either the last-in, first-out inventory measurement method or the retail inventory method. Further, the Board tentatively decided that the guidance would be applied prospectively in annual periods beginning after December 15, 2016, for public business entities. Early adoption would be permitted. The FASB expects to release an ED in the third quarter of 2015. For more information, see Deloitte's July 22, 2014; December 17, 2014; and May 14, 2015, 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 June 15, 2015, the FASB issued ASU 2015-10, which makes certain technical corrections (i.e., minor clarifications and improvements) to the *FASB Accounting Standards Codification*. The amendments to transition guidance are effective for fiscal years beginning after December 15, 2015; all other changes became effective upon the ASU's issuance.

Presentation and Disclosure Projects		
Clarifying certain existing principles related to the statement of cash flows (EITF Issue 15-F)	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."	At its June 18, 2015, meeting, the EITF made tentative decisions regarding the classification of certain cash flows. The EITF is expected to continue redeliberating other cash flow classification-related issues at its September 17, 2015, meeting. For more information, see Deloitte's June 2015 *EITF Snapshot*.
Disclosures about hybrid financial instruments with bifurcated embedded derivatives	The purpose of this project is to "increase the transparency and usefulness of the information provided in the notes to financial statements about hybrid financial instruments that contain bifurcated embedded derivatives."	On February 24, 2015, the FASB issued an ED. Comments were due by April 30, 2015. See Deloitte's February 27, 2015, *Heads Up* for more information.
Disclosures about interest income on purchased debt securities and loans	The purpose of this project is to enhance interest income disclosures for all purchased debt securities and loans.	At its March 18, 2015, meeting, the FASB added this project to its agenda. The FASB has not yet begun deliberating the project. For more information, see Deloitte's March 23, 2015, journal entry.
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.)"	**FASB's Decision Process** On March 4, 2014, the FASB issued an ED 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, *Heads Up*. 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." **Entity's Decision Process** 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. At its April 22, 2015, meeting, the FASB discussed the outreach performed by the staff. The FASB concluded that it had received all information necessary to make an informed decision about the proposed changes related to this issue. The Board decided to send out a draft of decisions made in this phase of the project for external review. In addition, the Board decided that the proposed changes would be effective upon issuance. The proposed changes would be applied prospectively; retrospective application would be optional. For more information, see Deloitte's April 23, 2015, journal entry.

Disclosure framework: disclosure review — fair value measurement	The purpose of this project is to improve the effectiveness of fair value measurement disclosures.	At its February 18, 2015, meeting, the FASB discussed disclosure issues related to the fair value measurement guidance in ASC 820 and tentatively decided to add a disclosure objective to its proposed concepts statement on the conceptual framework. For more information, see Deloitte's February 20, 2015, journal entry. At its March 4, 2015, meeting, the FASB made tentative decisions related to (1) modifying or eliminating certain disclosure requirements, (2) adding a new disclosure requirement for gains and losses, and (3) whether to move disclosure requirements to industry-specific Codification topics. For more information, see Deloitte's March 5, 2015, journal entry.
Disclosure framework: disclosure review — income taxes	The purpose of this project is to improve the effectiveness of income tax disclosures.	At its February 11, 2015, meeting, as part of its review of income tax disclosures, the FASB deliberated additional proposed disclosure requirements related to undistributed foreign earnings and tentatively decided that entities should: • Disclose information separately about the domestic and foreign components of income before income taxes. Further, entities should separately disclose income before income taxes of individual countries that are significant in relation to total income before income taxes. • Disclose the domestic tax expense recognized in the period related to foreign earnings. • Disclose unremitted foreign earnings that, during the current period, are no longer asserted to be indefinitely reinvested and an explanation of the circumstances that caused the entity to no longer assert that the earnings are indefinitely reinvested. These disclosures should be provided in the aggregate and for each country for which the amount no longer asserted to be indefinitely reinvested is significant in relation to the aggregate amount. • Separately disclose the accumulated amount of indefinitely reinvested foreign earnings for any country that is at least 10 percent of the aggregate amount. The Board directed the staff to prepare examples of the proposed additional disclosures. For more information, see Deloitte's February 12, 2015, journal entry.
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 (NFP), focusing on improving: 1. Net asset classification requirements 2. Information provided in financial statements and notes about liquidity, financial performance, and cash flows."	At its March 4, 2015, meeting, the FASB tentatively decided that the expected benefits justify the expected costs and complexities of implementing a proposed ASU and directed the staff to draft a proposal for public comment. The FASB issued an ED on April 22, 2015. Comments are due by August 20, 2015. For more information, see Deloitte's May 8, 2015, *Heads Up*.

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: 1. Disclosures "required for arrangements that are the result of a contract in which the entity receives value or benefit from the government." 2. Items to which disclosures would not apply: 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 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." 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." 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."
Insurance: disclosures about short-duration contracts	The purpose of this project is to "develop targeted improvements to disclosures about short-duration insurance."	On May 21, 2015, the FASB issued ASU 2015-09, which expands the breadth of disclosure that an insurance entity must provide about its short-duration insurance contracts. The ASU does not affect the current accounting model for short-duration contracts; it only focuses on disclosures. For more information, see Deloitte's May 2015 *Insurance Spotlight*.
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."	On December 4, 2014, the FASB issued an ED that would (1) require a feeder fund in a master-feeder arrangement to provide the master fund's financial statements along with its own financial statements and (2) expand the scope of current investment-company disclosures about investments that exceed 5 percent of the net assets as of the reporting date. Comments on the ED were due by February 17, 2015. For more information, see Deloitte's April 4, 2014, and July 31, 2014, journal entries.

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."	At its January 28, 2015, meeting, the FASB tentatively decided to propose a new, principles-oriented approach for classifying debt as either current or noncurrent in an entity's balance sheet. The Board tentatively decided that an entity should classify debt as noncurrent when either or both of the following conditions are met: (1) the "liability is due to be settled more than 12 months (or beyond the operating cycle)" — whichever is greater — "after the reporting period" or (2) "the entity has a right to defer settlement of the liability for at least 12 months (or beyond its operating cycle [whichever is greater]) after the reporting period." The Board also decided that the meaning of "right to defer" would be based on contractual legal rights rather than on the intentions of the borrower or lender. The presentation assessment would be performed as of the reporting date. For more information, see Deloitte's January 29, 2015, journal entry.

Appendix B: 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 recently added or revised is highlighted in green.

FASB/EITF	Affects	Status
Final Guidance		
ASU 2015-10, *Technical Corrections and Improvements* (issued June 12, 2015)	All entities.	Amendments requiring transition guidance are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. All other amendments became effective upon issuance of the ASU.
ASU 2015-09, *Disclosures About Short-Duration Contracts* (issued May 21, 2015)	All insurance entities that issue short-duration contracts as defined in ASC 944, *Financial Services — Insurance*. The amendments do not apply to the holder (i.e., policyholder) of short-duration contracts.	For public business entities, the amendments in the ASU are effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. For all other entities, the amendments in the ASU are effective for annual periods beginning after December 15, 2016, and interim periods within annual periods beginning after December 15, 2017. Early application is permitted.
ASU 2015-08, *Pushdown Accounting: Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115* (issued May 8, 2015)	All entities.	Effective upon issuance.
ASU 2015-07, *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 (issued May 1, 2015)	All entities.	For public companies, the guidance in the ASU is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The effective date will be deferred by one year for private companies. Early adoption is permitted. The ASU should be applied retrospectively to all periods presented.
ASU 2015-06, *Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions* — a consensus of the FASB Emerging Issues Task Force (issued April 30, 2015)	All entities.	Effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. Early adoption is permitted. The ASU should be applied retrospectively to all financial statements presented.
ASU 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* (issued April 15, 2015)	All entities.	For public business entities, the amendments in the ASU are effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments are effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted for all entities.
ASU 2015-04, *Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets* (issued April 15, 2015)	All entities.	For public business entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early application is permitted.

ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (issued April 7, 2015)	All entities.	For public business entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued.
ASU 2015-02, *Amendments to the Consolidation Analysis* (issued February 18, 2015)	Entities that are required to evaluate whether they should consolidate certain legal entities.	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, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption, including adoption in an interim period, is permitted.
ASU 2015-01, *Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* (issued January 9, 2015)	All entities.	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption.
ASU 2014-18, *Accounting for Identifiable Intangible Assets in a Business Combination* — a consensus of the Private Company Council (issued December 23, 2014)	All entities except public business entities and not-for-profit entities, as those terms are defined in the Codification Master Glossary.	The effective date depends on the timing of the first in-scope transaction. If the first in-scope transaction occurs in the first fiscal year beginning after December 15, 2015, the elective adoption will be effective for that fiscal year's annual financial reporting and all interim and annual periods thereafter. If the first in-scope transaction occurs in fiscal years beginning after December 15, 2016, the elective adoption will be effective in the interim period that includes the date of that transaction and subsequent interim and annual periods thereafter. Early application is permitted for any interim and annual financial statements that have not yet been made available for issuance.
ASU 2014-17, *Pushdown Accounting* — 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, *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 (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, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern* (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, *Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure* — 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, *Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity* — 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, *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 (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.
ASU 2014-11, *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures* (issued June 12, 2014)	Entities that enter into repurchase-to-maturity transactions or repurchase financings.	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.

ASU 2014-10, *Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation* (issued June 10, 2014)	Development-stage entities under U.S. GAAP, and reporting entities that may hold an interest in an entity that is a development-stage entity.	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. 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.
ASU 2014-09, *Revenue From Contracts With Customers* (issued May 28, 2014)	All entities.	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. 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).
ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (issued April 10, 2014)	Entities that have either of the following: 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. 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.	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.
ASU 2014-07, *Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements* — a consensus of the Private Company Council (issued March 20, 2014)	All entities other than public business entities, not-for-profit entities, or employee benefit plans within the scope of ASC 960 through ASC 965.	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.

ASU 2014-05, *Service Concession Arrangements* — a consensus of the FASB Emerging Issues Task Force (issued January 23, 2014)	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.	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.
ASU 2014-04, *Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure* — a consensus of the FASB Emerging Issues Task Force (issued January 17, 2014)	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.	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.
ASU 2014-03, *Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps — Simplified Hedge Accounting Approach* — a consensus of the Private Company Council (issued January 16, 2014)	All entities except (1) public business entities and not-for-profit entities as defined in the Master Glossary of the *FASB Accounting Standards Codification*, (2) employee benefit plans within the scope of ASC 960 through ASC 965 on plan accounting, and (3) financial institutions.	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.
ASU 2014-02, *Accounting for Goodwill* — a consensus of the Private Company Council (issued January 16, 2014)	All entities except (1) public business entities and not-for-profit entities as defined in the Master Glossary of the *FASB Accounting Standards Codification* and (2) employee benefit plans within the scope of ASC 960 through ASC 965 on plan accounting.	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.
ASU 2014-01, *Accounting for Investments in Qualified Affordable Housing Projects* — a consensus of the FASB Emerging Issues Task Force (issued January 15, 2014)	For reporting entities that meet the conditions for, and 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 do not elect the proportional-amortization method, only the disclosure-related amendments in this ASU apply.	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.
ASU 2013-11, *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 (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, *Services Received From Personnel of an Affiliate* — a consensus of the FASB Emerging Issues Task Force (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, *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 (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, *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 (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, *Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments* (issued May 21, 2015)	All entities.	Comments due July 6, 2015.
Proposed ASU, *Simplifying the Equity Method of Accounting* (issued June 5, 2015)	All entities.	Comments due August 4, 2015.
Proposed ASU, *Improvements to Employee Share-Based Payment Accounting* (issued June 8, 2015)	All entities.	Comments due August 14, 2015.
Proposed ASU, *Presentation of Financial Statements of Not-for-Profit Entities* (issued April 22, 2015)	Not-for-profit entities.	Comments due August 20, 2015.
AICPA	**Affects**	**Status**
Final Guidance		
SAS 128, *Using the Work of Internal Auditors* (issued February 17, 2014)	Auditors.	Effective for audits of financial statements for periods ending on or after December 15, 2014.
SAS 129, *Amendment to Statement on Auditing Standards No. 122 Section 920,* Letters for Underwriters and Certain Other Requesting Parties, *as Amended* (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, *Statements on Standards for Accounting and Review Services: Clarification and Recodification* (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.

SEC	Affects	Status
Final Guidance		
Final Rule, *Adoption of Updated EDGAR Filer Manual* (33-9849) (issued June 18, 2015)	SEC registrants.	Effective June 29, 2015.
Final Rule, *Adoption of Updated EDGAR Filer Manual* (33-9773) (issued May 18, 2015)	SEC registrants.	Effective May 26, 2015.
Final Rule, *Forward Contracts With Embedded Volumetric Optionality* (34-74936) (issued May 12, 2015)	SEC registrants.	Effective May 18, 2015.
Final Rule, *Adoption of Updated Edgar Filer Manual* (33-9746) (issued April 13, 2015)	SEC registrants.	Effective April 20, 2015.
Final Rule, *Amendments to Regulation A* (33-9741) (issued March 25, 2015)	SEC registrants.	Effective June 19, 2015.
Final Rule, *Security-Based Swap Data Repository Registration, Duties, and Core Principles* (34-74246) (issued February 11, 2015)	Registered security-based swap dealers and registered major security-based swap participants.	Effective May 18, 2015.
Final Rule, *Regulation SBSR — Reporting and Dissemination of Security-Based Swap Information* (34-74244) (issued February 11, 2015)	Registered security-based swap dealers and registered major security-based swap participants.	Effective May 18, 2015.
Final Rule, *Asset-Backed Securities Disclosure and Registration* (33-9720) (issued February 3, 2015)	SEC registrants.	Effective February 6, 2015.
Final Rule, *Adoption of Updated EDGAR Filer Manual* (33-9692) (issued December 18, 2014)	SEC registrants.	Effective December 23, 2014.
Final Rule, *Regulation Systems Compliance and Integrity* (34-73639) (issued November 19, 2014)	Certain self-regulatory organizations (including registered clearing agencies), alternative trading systems, plan processors, and exempt clearing agencies.	Effective February 3, 2015.
Final Rule, *Credit Risk Retention* (34-73407) (issued October 22, 2014)	SEC registrants.	Effective February 23, 2015. Compliance with the rule with respect to asset-backed securities collateralized by residential mortgages is required beginning December 24, 2015. Compliance with the rule with regard to all other classes of asset-backed securities is required beginning December 24, 2016.
Final Rule, *Adoption of Updated EDGAR Filer Manual* (33-9668) (issued October 20, 2014)	SEC registrants.	Effective October 29, 2014.
Final Rule, *Delegation of Authority to the Chief Financial Officer* (34-73229) (issued September 26, 2014)	SEC registrants.	Effective September 29, 2014.
Final Rule, *Asset-Backed Securities Disclosure and Registration* (33-9638) (issued September 4, 2014)	Entities that offer asset-backed securities under the Securities Act of 1933 and the Securities Exchange Act of 1934.	Effective November 24, 2014.
Final Rule, *Nationally Recognized Statistical Rating Organizations* (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, *Money Market Fund Reform; Amendments to Form PF* (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, *Registration of Municipal Advisors* (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, *Temporary Rule Regarding Principal Trades With Certain Advisory Clients* (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, *Extension of Exemptions for Security-Based Swaps* (33-9545) (issued February 5, 2014)	SEC registrants.	Effective February 10, 2014. The expiration dates in Interim Final Rule 240 under the Securities Act of 1933, Interim Final Rules 12a-11 and 12h-1(i) under the Securities Exchange Act of 1934, and Interim Final Rule 4d-12 under the Trust Indenture Act will be extended to February 11, 2017.
Interim Final Temporary Rule, *Extension of Temporary Registration of Municipal Advisors* (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.
Projects in Request-for-Comment Stage		
Proposed Rule, *Pay Versus Performance* (34-74835) (issued April 29, 2015)	SEC registrants.	Comments due July 6, 2015.
Proposed Rule, *Application of Certain Title VII Requirements to Security-Based Swap Transactions Connected With a Non-U.S. Person's Dealing Activity That Are Arranged, Negotiated, or Executed by Personnel Located in a U.S. Branch or Office or in a U.S. Branch or Office of an Agent* (34-74834) (issued April 29, 2015)	SEC registrants that enter into security-based swap transactions.	Comments due July 13, 2015.
Proposed Rule, *Investment Company Reporting Modernization* (33-9776) (issued May 20, 2015)	SEC registrants.	Comments due August 11, 2015.
Proposed Rule, *Amendments to Form ADV and Investment Advisers Act Rules* (IA-4091) (issued May 20, 2015)	SEC registrants.	Comments due August 11, 2015.
Proposed Rule, *Listing Standards for Recovery of Erroneously Awarded Compensation* (issued July 1, 2015)	SEC registrants.	Comments due 60 days after the date of publication in the *Federal Register*.
Concept Release, *Possible Revisions to Audit Committee Disclosures* (issued July 1, 2015)	SEC registrants.	Comments due 60 days after the date of publication in the *Federal Register*.
PCAOB	**Affects**	**Status**
Final Guidance		
Release No. 2015-002, *Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules* (issued March 31, 2015)	Auditors of public entities.	Effective December 31, 2016. Auditors may use and reference the reorganized standards before the effective date, since the amendments do not substantively change the standards' requirements.

Auditing Standard 18, *Amendments to Certain PCAOB Auditing Standards Regarding Significant Unusual Transactions, and Other Amendments to PCAOB Auditing Standards* (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.
Projects in Request-for-Comment Stage		
Staff Consultation Paper, *The Auditor's Use of the Work of Specialists* (issued May 28, 2015)	Auditors of public entities.	Comments due July 31, 2015.
Proposal, *Supplemental Request for Comment: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form* (issued June 30, 2015)	Auditors of public entities.	Comments due by August 31, 2015.
Concept Release, *Concept Release on Audit Quality Indicators* (issued June 30, 2015)	Auditors of public entities.	Comments due September 28, 2015.
GASB	**Affects**	**Status**
Final Guidance		
Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (issued June 29, 2015)	Governmental entities.	Effective for reporting periods beginning after June 15, 2015. Early application is permitted.
Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (issued June 29, 2015)	Governmental entities.	Effective for fiscal years beginning after June 15, 2017. Early application is encouraged.
Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (issued June 29, 2015)	Governmental entities.	Effective for financial statements for fiscal years beginning after June 15, 2016. Early application is encouraged.
Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (issued June 29, 2015)	Governmental entities.	For employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, the Statement is effective for fiscal years beginning after June 15, 2016. For the assets accumulated to provide those pensions, the Statement is effective for fiscal years beginning after June 15, 2015. For pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68, the Statement is effective for fiscal years beginning after June 15, 2015. Early application is encouraged.
Statement 72, *Fair Value Measurement and Application* (issued March 2, 2015)	Governmental entities.	Effective for fiscal years beginning after June 15, 2015. Early application is encouraged.
Project in Request-for-Comment Stage		
Proposed Statement, *Accounting and Financial Reporting for Irrevocable Split-Interest Agreements* (issued June 2, 2015)	Governmental entities.	Comments due September 18, 2015.
FASAB	**Affects**	**Status**
Final Guidance		
Statement 47, *Reporting Entity* (issued December 23, 2014)	U.S. federal government entities.	Effective for periods beginning after September 30, 2017. Earlier application is prohibited.
Statement 46, *Deferral of the Transition to Basic Information for Long-Term Projections* (issued October 17, 2014)	U.S. federal government entities.	Effective upon issuance.
Statement 44, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use* (issued January 3, 2013)	U.S. federal government entities.	Effective for periods beginning after September 30, 2014. Early application is encouraged.

Statement 42, *Deferred Maintenance and Repairs — amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32* (issued April 25, 2012)	U.S. federal government entities.	Effective for periods beginning after September 30, 2014. Early application is encouraged.
Statement 36, *Reporting Comprehensive Long-Term Fiscal Projections for the U.S. Government* (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.
Project in Request-for-Comment Stage		
Proposed Statement, *Opening Balances for Inventory, Operating Materials and Supplies (OM&S) and Stockpile Materials* (issued June 2, 2015)	U.S. federal government entities.	Comments due July 20, 2015.
IASB/IFRIC	**Affects**	**Status**
Final Guidance		
2015 Amendments to the IFRS for SMEs (issued May 21, 2015)	Small and medium-sized entities reporting under IFRSs.	Effective January 1, 2017.
Disclosure Initiative — 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.
Investment Entities: Applying the Consolidation Exception — 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.
Annual Improvements to IFRSs: 2012–2014 Cycle (issued September 25, 2014)	Entities reporting under IFRSs.	Varies for each IFRS affected.
Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture — 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.
Equity Method in Separate Financial Statements — 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, *Financial Instruments* (issued July 24, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.
Agriculture: Bearer Plants — 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, *Revenue From Contracts With Customers* (issued May 28, 2014)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

Clarification of Acceptable Methods of Depreciation and Amortisation — 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.
Accounting for Acquisitions of Interests in Joint Operations — 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, *Regulatory Deferral Accounts* (issued January 30, 2014)	Entities reporting under IFRSs.	Effective January 1, 2016. Earlier application is permitted.
Annual Improvements to IFRSs: *2010–2012 Cycle* (issued December 12, 2013)	Entities reporting under IFRSs.	Effective July 1, 2014.
Annual Improvements to IFRSs: *2011–2013 Cycle* (issued December 12, 2013)	Entities reporting under IFRSs.	Effective July 1, 2014.
Defined Benefit Plans: Employee Contributions — 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.
Projects in Request-for-Comment Stage		
IASB Exposure Draft ED/2015/2, *Effective Date of IFRS 15* — proposed amendments to IFRS 15 (issued May 19, 2015)	Entities reporting under IFRSs.	Comments due July 3, 2015.
IFRS Proposal, Taxonomy/2015/1, *2015 Amendments to the IFRS for SMEs* (issued June 17, 2015)	Entities reporting under IFRSs.	Comments due August 17, 2015.
IASB Exposure Draft ED/2015/5, *Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund From a Defined Benefit Plan* — proposed amendments to IAS 19 and IFRIC 14 (issued June 18, 2015)	Entities reporting under IFRSs.	Comments due October 19, 2015.
IASB Exposure Draft ED/2015/3, *Conceptual Framework for Financial Reporting* (issued May 28, 2015)	Entities reporting under IFRSs.	Comments due October 26, 2015.
IASB Exposure Draft ED/2015/4, *Updating References to the Conceptual Framework* (issued May 28, 2015)	Entities reporting under IFRSs.	Comments due October 26, 2015.

Appendix C: Glossary of Standards and Other Literature

FASB Accounting Standards Update No. 2015-10, *Technical Corrections and Improvements*

FASB Accounting Standards Update No. 2015-09, *Disclosures About Short-Duration Contracts*

FASB Accounting Standards Update No. 2015-08, *Pushdown Accounting: Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115*

FASB Accounting Standards Update No. 2015-07, *Disclosures for Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* — a consensus of the FASB Emerging Issues Task Force

FASB Accounting Standards Update No. 2015-06, *Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions* — a consensus of the FASB Emerging Issues Task Force

FASB Accounting Standards Update No. 2015-05, *Customers' Accounting for Fees Paid in a Cloud Computing Arrangement*

FASB Accounting Standards Update No. 2015-04, *Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets*

FASB Accounting Standards Update No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*

FASB Accounting Standards Update No. 2014-17, *Pushdown Accounting* — a consensus of the FASB Emerging Issues Task Force

FASB Accounting Standards Update No. 2014-09, *Revenue From Contracts With Customers*

FASB Proposed Accounting Standards Update, *Improvements to Employee Share-Based Payment Accounting*

FASB Proposed Accounting Standards Update, *Simplifying the Equity Method of Accounting*

FASB Proposed Accounting Standards Update, *Identifying Performance Obligations and Licensing*

FASB Proposed Accounting Standards Update, *Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date*

FASB Proposed Accounting Standards Update, *Simplifying the Accounting for Measurement-Period Adjustments*

FASB Proposed Accounting Standards Update, *Presentation of Financial Statements of Not-for-Profit Entities*

FASB Proposed Accounting Standards Update, *Recognition of Breakage for Certain Prepaid Stored-Value Cards* — a consensus of the FASB Emerging Issues Task Force

FASB Proposed Accounting Standards Update, *Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts Within Nodal Energy Markets* — a consensus of the FASB Emerging Issues Task Force

FASB Proposed Accounting Standards Updates, *(I) Fully Benefit-Responsive Investment Contracts, (II) Plan Investment Disclosures, and (III) Measurement Date Practical Expedient* — a consensus of the FASB Emerging Issues Task Force

FASB Accounting Standards Codification Topic 965, *Plan Accounting — Health and Welfare Benefit Plans*

FASB Accounting Standards Codification Topic 962, *Plan Accounting — Defined Contribution Pension Plans*

FASB Accounting Standards Codification Topic 944, *Financial Services — Insurance*

FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*

FASB Accounting Standards Codification Topic 810, *Consolidation*

FASB Accounting Standards Codification Subtopic 805-50, *Business Combinations: Related Issues*

FASB Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers*

FASB Accounting Standards Codification Subtopic 405-20, *Liabilities: Extinguishment of Liabilities*

FASB Accounting Standards Codification Subtopic 350-40, *Intangibles — Goodwill and Other: Internal-Use Software*

FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements*

FAF Annual Report, *Building a Better GAAP*

EITF Issue No. 15-F, "Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments"

EITF Issue No. 15-E, "Contingent Put and Call Options in Debt Instruments"

EITF Issue No. 15-D, "Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships"

EITF Issue No. 15-C, "Employee Benefit Plan Simplifications"

EITF Issue No. 15-A, "Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts Within Nodal Energy Markets"

AICPA Publication, *Enhancing Audit Quality — A 6-Point Plan to Improve Audits*

AICPA Exposure Draft, *Affiliate — Proposed Revised Definition*

AICPA and NASBA Exposure Draft, *Statement on Standards for Continuing Professional Education (CPE) Programs*

PCAOB Release No. 2015-005, *Concept Release on Audit Quality Indicators — Notice of Roundtable*

PCAOB Release No. 2015-004, *Supplemental Request for Comment: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form*

PCAOB Staff Consultation Paper No. 2015-01, *The Auditor's Use of the Work of Specialists*

PCAOB Publication, *Audit Committee Dialogue*

SEC Staff Accounting Bulletin Topic 5.J, "New Basis of Accounting Required in Certain Circumstances"

SEC Concept Release No. 33-9862, *Possible Revisions to Audit Committee Disclosures*

SEC Final Rule Release No. 33-9849, *Adoption of Updated EDGAR Filer Manual*

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Appendix D: Abbreviations

Abbreviation	Definition
AICPA	American Institute of Certified Public Accountants
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
BIS	Bank for International Settlements
C&DIs	compliance and disclosure interpretations
CAEs	claim adjustment expenses
CEO	chief executive officer
CFA	chartered financial analyst
CFO	chief financial officer
CFTC	Commodity Futures Trading Commission
CIS	collective investment scheme
CPA	certified public accountant
CPE	continuing professional education
EBSA	Employee Benefits Security Administration
ED	exposure draft
EDGAR	Electronic Data Gathering, Analysis, and Retrieval
EDT	Eastern Daylight Time
EITF	Emerging Issues Task Force
ETF	exchange-traded fund
FAF	Financial Accounting Foundation
FAQ	frequently asked question
FASAB	Federal Accounting Standards Advisory Board
FASAC	Financial Accounting Standards Advisory Council
FASB	Financial Accounting Standards Board
FBRIC	fully benefit-responsive investment contract
FDIC	Federal Deposit Insurance Corporation
FINRA	Financial Industry Regulatory Authority
GAAP	generally accepted accounting principles
GAAS	generally accepted auditing standards
GAO	U.S. Government Accountability Office
GASAC	Governmental Accounting Standards Advisory Council
GASB	Governmental Accounting Standards Board
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBNR	incurred but not reported
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants

Abbreviation	Definition
IFIAR	International Forum of Independent Audit Regulators
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standard
IIRC	International Integrated Reporting Council
IOSCO	International Organization of Securities Commissions
IP	intellectual property
ISA	International Standard on Auditing
ISO	independent system operator
ITG	IFRS Transition Resource Group for Impairment of Financial Instruments
IVSC	International Valuation Standards Council
JOBS	Jumpstart Our Business Startups
KAM	key audit matters
LMP	locational marginal pricing
MLP	master limited partnership
NASBA	National Association of State Boards of Accountancy
NAV	net asset value
NPNS	normal purchases and normal sales
NSFR	net stable funding ratio
OCC	Office of the Comptroller of the Currency
OCIE	Office of Compliance Inspections and Examinations
OPEB	other postemployment benefits
PA	professional accountant
PCAOB	Public Company Accounting Oversight Board
PCC	Private Company Council
PCI	purchased credit-impaired
PEEC	Professional Ethics Executive Committee
PIR	post-implementation review
SAB	SEC Staff Accounting Bulletin
SAG	Standing Advisory Group
SAS	Statement on Auditing Standards
SASB	Sustainability Accounting Standards Board
SEC	Securities and Exchange Commission
SMEs	small and medium-sized entities
TRG	transition resource group
XML	eXtensible Markup Language

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Further information about the standard setters can be found on their respective Web sites as follows: www.fasb.org (FASB); www.fasb.org/eitf/agenda.shtml (EITF); www.aicpa.org (AICPA); www.sec.gov (SEC); www.pcaob.org (PCAOB); www.fasab.gov (FASAB); www.gasb.org (GASB); and www.ifrs.org — or on www.iasplus.com/en (IASB and IFRS Interpretations Committee).

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