

**COMPARISON OF FASB AND IASB PROPOSED MODELS FOR FINANCIAL INSTRUMENTS
 SEPTEMBER 2009**



The following table provides a side-by-side comparison of the FASB and IASB proposed models for financial instruments. For a complete description of the FASB proposed model, see the Summary of Decisions Reached to Date section above. For a complete description of the IASB proposed model, refer to the IASB Exposure Draft above.

	FASB Tentative Decisions	IASB Exposure Draft
Measurement Attributes	<ul style="list-style-type: none"> • Fair value • Amortized cost 	<ul style="list-style-type: none"> • Fair value • Amortized cost
Classification categories	<ul style="list-style-type: none"> • Fair value through net income (FV-NI) • Fair value through other comprehensive income (FV-OCI) • Amortized cost (limited option) 	<ul style="list-style-type: none"> • Fair value through net income (FV-NI) • Amortized cost • Fair value through other comprehensive income (FV-OCI) (limited option)
Default category	<ul style="list-style-type: none"> • All financial instruments measured at fair value with changes in fair value recognized in net income • Certain changes in fair value may be recognized in other comprehensive income but not required 	<ul style="list-style-type: none"> • N/A
FV-OCI Classification Criteria	<ul style="list-style-type: none"> • Debt instruments with principal amounts if the entity's business strategy is to hold the debt instruments for collection or payment(s) of contractual cash flows rather than to sell or settle the financial instruments with a third party 	<ul style="list-style-type: none"> • Irrevocable election at initial recognition for equity instruments that are not held for trading

	FASB Tentative Decisions	IASB Exposure Draft
Amortized Cost Classification Criteria	<ul style="list-style-type: none"> • Option for certain types of own debt • Must meet the FV-OCI classification criteria and measuring the debt at fair value results in a measurement attribute mismatch 	<ul style="list-style-type: none"> • A financial instrument must be carried at amortized cost¹ if <ol style="list-style-type: none"> 1. It has basic loan features; and 2. It is managed on a contractual yield basis
Fair Value Option	<ul style="list-style-type: none"> • To be determined 	<ul style="list-style-type: none"> • Irrevocable election at initial recognition if measuring at fair value eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch)
Hybrid Financial Instruments	<ul style="list-style-type: none"> • Hybrids containing embedded derivatives that do not meet the clearly-and-closely related criterion and require separate accounting under Topic 815 classified as FV-NI • Hybrids containing embedded derivatives that meet the clearly-and-closely-related criterion and FV-OCI criterion under Topic 815 may recognize certain changes in fair value in other comprehensive income 	<ul style="list-style-type: none"> • Hybrids with financial hosts would be classified in their entirety based on the overall classification approach for all financial instruments • Existing requirements in IAS 39 would continue to apply to hybrids with non-financial hosts.
Impairment	<ul style="list-style-type: none"> • Impairment model to be determined • For financial instruments classified in the FV-OCI category, current period credit impairments recognized as a separate line item in net income (based on the FASB's future decision on impairment) • For financial instruments classified in the FV-OCI category, cumulative credit losses (based on the FASB's future decision on impairment) presented on balance sheet 	<ul style="list-style-type: none"> • The proposals in the exposure draft on classification and measurement would result in an incurred loss model (required by IAS 39) applying to all financial assets measured at amortized cost (and only to those assets). • The IASB intends to publish an exposure draft on impairment methodology in Q4 of 2009.

¹ Unless the fair value option is applied

	FASB Tentative Decisions	IASB Exposure Draft
Realized gains and losses from sales or settlements	<ul style="list-style-type: none"> Recognized in net income for all financial instruments 	<ul style="list-style-type: none"> Recognized in net income for all financial instruments except FV-OCI classified instruments for which gains and losses are recognized in OCI with no recycling
Interest and dividend accruals	<ul style="list-style-type: none"> Recognized in net income for all financial instruments 	<ul style="list-style-type: none"> Recognized in net income for all financial instruments except FV-OCI classified instruments for which dividends are recognized in OCI with no recycling.
Tainting	<ul style="list-style-type: none"> No tainting 	<ul style="list-style-type: none"> No tainting
Reclassifications	<ul style="list-style-type: none"> Not permitted 	<ul style="list-style-type: none"> Not permitted
Statement of Comprehensive Income	<ul style="list-style-type: none"> One comprehensive income statement with a subtotals for net income and other comprehensive income 	<ul style="list-style-type: none"> One comprehensive income statement optional