

FASB Chair Report

July 1, 2025 – September 30, 2025



LETTER FROM THE FASB CHAIR

During the third quarter of 2025, the FASB wrapped up our decisions on the majority of the remaining projects from our 2021 agenda consultation. We began the process of analyzing robust stakeholder feedback received from our 2025 Invitation to Comment—Agenda Consultation, and other outreach. We also entered the final phase of our post-implementation review of the leases standard with a public roundtable, participated in productive meetings with our international counterparts, and issued our [2025 Investor Outreach Report](#) detailing our investor interactions over the past year.

Technical and Research Agenda Projects

Two final standards published during the third quarter address issues raised by stakeholders during our 2021 agenda consultation. On September 18, we issued a final standard on internal-use software costs that modernizes accounting guidance in this area, which was a top priority for stakeholders—particularly given the increased investment in artificial intelligence. On September 29, we issued a final standard on derivatives scope refinements, which addresses feedback on the challenges of applying the definition of a derivative to arrangements with contingent features.

The FASB also voted to move forward with final standards on other priorities to come out of the last agenda consultation. We expect to issue standards on accounting for environmental credit programs, accounting for government grants, and hedge accounting improvements in the next several months. We also began to discuss stakeholder responses to our Invitations to Comment (ITCs) on intangibles and financial key performance indicators. We’ll delve more into these broad areas as part of our current agenda consultation project.

In July, we published a final standard that improves guidance on the measurement of credit losses for accounts receivable and contract assets. The new guidance addresses challenges faced by stakeholders when applying credit losses guidance to current accounts receivable and current contract assets arising from transactions accounted for under the revenue recognition guidance. The Private Company Council (PCC) initiated this standard-setting activity in response to feedback from private company stakeholders. Based on a recommendation from our recently reconstituted Emerging Issues Task Force (EITF), we ended the quarter by issuing a proposed Accounting Standards Update (ASU) on Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock. We

thank the PCC, the EITF, and all our stakeholders for providing insights and proposing solutions in these areas.

2025 Invitation to Comment, Agenda Consultation

We continue to be impressed with the high level of engagement from our stakeholders during our current agenda consultation process. With the June 30 comment deadline in the rearview mirror, the FASB staff spent the quarter analyzing more than 100 comment letters in response to our January 2025 Invitation to Comment, Agenda Consultation. In those comment letters and other feedback, many stakeholders have expressed appreciation for how the FASB has addressed the broad issues to come out of our 2021 agenda consultation. Consequently, many stakeholders have indicated that our next agenda projects should in many cases focus on narrower-scope issues. The Board will meet shortly to discuss this and all other feedback on the ITC and other outreach.

Post-Implementation Review

On September 12, a broad array of stakeholders, including investors and other financial statement users, preparers, auditors, and professionals across many industries, joined us in Norwalk for a public roundtable on our post-implementation review of the leases standard. Roundtable participants shared their experiences implementing the leases standard, their insights on its costs and benefits, and their views on the Board's standard-setting improvements to the standard since it was first issued in 2016. We plan to summarize this and all other feedback in our final leases PIR report that we expect to issue by the end of the year.

Other Notable Activities

We also continued our international outreach activities this quarter. During the month of July, representatives of the FASB met with the Accounting Standards Board of Japan (ASBJ) and the Korea Accounting Standards Board (KASB). Members of our Board also attended the quarterly meeting of the Accounting Standards Advisory Forum (ASAF) in London in July.

On August 19, the [Board of Trustees](#) of the Financial Accounting Foundation announced the reappointment of Fred Cannon to the FASB. Fred was first appointed to the Board in 2021. His second term begins on July 1, 2026, and concludes on June 30, 2031. We are pleased that Fred has accepted a second term on the Board.

On August 25, we welcomed Angie Storm to the EITF. Angie replaced outgoing member Robert Malhotra. Bob was a valued member of the EITF, and while we will miss him, we are excited to welcome Angie to this very important role.

Finally, on July 30, the FASB issued our 2025 Investor Outreach Report. Since launching the report in 2021, the FASB has engaged in more than 2,100 investor interactions. That input helped us complete or make substantial progress on our 2021 agenda consultation projects, and we thank all investors who shared their insights with us over the fiscal year ended June 30, 2025.

I would like to conclude by expressing my sincere gratitude to our stakeholders for sharing input that helps us to develop standards that work for our capital markets and all of our stakeholders. Your ongoing engagement is fundamental to the success and integrity of our standard-setting process.

A handwritten signature in black ink, appearing to read "Richard R. Jones".

Richard R. Jones
Chair, Financial Accounting Standards Board

TECHNICAL AGENDA AND OTHER PROJECTS

Technical Agenda

The FASB (the Board) undertakes technical agenda projects to establish and improve financial accounting and reporting standards. The Board evaluates potential standard-setting projects against certain criteria to determine whether a project should be added to the technical agenda. The Private Company Council (PCC) works with the Board in identifying, deliberating, and voting on improvements to financial reporting by private companies, subject to endorsement by the Board.

The following table summarizes the changes in the Board's technical agenda during the third quarter of 2025:

Number of Projects				
As of June 30	Added (removed)	Projects Completed	As of September 30	# EDs Issued
12	0	(3)	9	1

Three projects were completed through the issuance of a final Accounting Standards Update (ASU):

- [*Financial Instruments—Credit Losses \(Topic 326\): Measurement of Credit Losses for Accounts Receivable and Contract Assets*](#)
- [*Intangibles—Goodwill and Other—Internal-Use Software \(Subtopic 350-40\): Targeted Improvements to the Accounting for Internal-Use Software*](#)
- [*Derivatives and Hedging \(Topic 815\) and Revenue from Contracts with Customers \(Topic 606\): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract.*](#)

A detailed listing of the projects on the Board's technical agenda as of the end of the quarter is included in the appendix.

The Board issued the following proposed ASU:

- [*Equity \(Topic 505\): Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock.*](#)

The Board discussed the following projects on the technical agenda during the quarter:

Project	Board Meeting(s)	Summary of Discussions
Codification Improvements (Evergreen)	July 23	<ul style="list-style-type: none"> • Discussed feedback received on the proposed ASU and completed redeliberations, affirming the amendments for 33 of the 34 issues that were included in the proposed ASU with some minor clarifications. • Affirmed its decision to (1) require retrospective transition for the proposed amendments to Topic 260, Earnings Per Share, and (2) permit prospective or retrospective transition for all other proposed amendments on an issue-by-issue basis. • Decided that the amendments will be effective for annual reporting periods (including interim reporting periods within those annual reporting periods) beginning after December 15, 2026, for all entities. • Decided that early adoption is permitted on an issue-by-issue basis. • Directed the staff to draft a final ASU.
Accounting for Environmental Credit Programs	August 13	<ul style="list-style-type: none"> • Discussed feedback received on the proposed ASU and completed redeliberations. • Affirmed the proposed amendments on the scope, recognition, measurement, and presentation of environmental credits (ECs) and environmental credit obligations (ECOs) with minor revisions in response to comment letter feedback. • Revised the proposed disclosure requirements to (1) affirm the quantitative disclosures for annual reporting periods, (2) remove several disclosure requirements in response to comment letter feedback, and (3) add a disclosure of the income statement effect of changing the use (or intended use) of ECs and the nature of the change. • Decided that the amendments will be effective for annual reporting periods (including interim reporting periods within those annual reporting periods) beginning after December 15, 2027, for public business entities, and beginning after December 15, 2028, for all other entities. • Affirmed that early adoption is permitted. • Directed the staff to draft a final ASU.

Project	Board Meeting(s)	Summary of Discussions
Accounting for Debt Exchanges	September 3	<ul style="list-style-type: none"> • Discussed feedback received on the proposed ASU and completed redeliberations, affirming a majority of the proposed amendments with some minor clarifications. • Decided to remove the proposed requirement to follow a customary marketing process from the condition that the new debt obligation was issued at market terms. • Decided that the amendments will be effective for annual reporting periods (including interim reporting periods within those annual reporting periods) beginning after December 15, 2026, for all entities, and that early adoption is permitted. • Directed the staff to draft a final ASU.

Other Projects

In addition to projects on its technical agenda, the Board also has:

- Research Projects: Projects on the Board’s research agenda are those that may be considered for the technical agenda at a future date as issues and potential alternative solutions are identified.
- PCC Projects: Projects on the PCC’s agenda are intended to address issues identified by private company stakeholders. These projects provide alternatives or practical expedients within GAAP that meet the needs of users of private company financial statements while reducing cost and complexity where possible. The decisions reached by the PCC are subject to Board endorsement.
- EITF Projects: These projects result from the EITF’s identification and discussion of narrow-scope improvements to timely address emerging issues. The EITF can recommend that the Board add a project to the FASB’s technical agenda and address the issue using the EITF’s recommended solution.
- Post-Implementation Review (PIR) Projects: These projects are aimed at evaluating whether standards that have been issued are achieving their objectives and whether there are areas of improvement that the Board should address.

The following table summarizes the changes in these projects during the third quarter of 2025:

<u>Number of Projects</u>						
	As of June 30	Added (removed)	Transferred	Final Documents Issued	As of September 30	# of Exposure Drafts or Invitations to Comment
Research Projects	8	1			9	
PCC Projects	0				0	
EITF Projects	1	1			2	
PIR Projects	2				2	
Total	11	2	0	0	13	0

Research Projects: The Board continued to move forward on its research projects. The Board met on September 24 to discuss comment letter feedback on the respective Invitations to Comment (ITC) issued in connection with the Accounting for and Disclosure of Intangibles and Financial Key Performance Indicators for Business Entities research projects. Additionally, the FASB chair added a project on digital assets to the Board’s research agenda. Current research projects as of the end of the quarter are listed in the appendix.

PCC Projects: The PCC met on September 26 for an update on the PCC’s Subjective Acceleration Clauses, Interest Method and Determining the Effective Interest Rate, and Leases research projects. The PCC did not add any new projects to its agenda as a result of this meeting. Additionally, on July 30, the Board issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Current Assets*, which had been initiated by the PCC in response to feedback from private company stakeholders.

EITF Projects: The EITF met on September 9 to discuss its project on the application of Topic 715, Compensation—Retirement Benefits, to market-return cash balance plans. At that meeting, the EITF recommended that the Board add a project to its technical agenda to address the accounting for market-return cash balance plans. The Board will meet during the fourth quarter to determine whether to add this project to its technical agenda. On September 9, the EITF agenda committee also added a project on mortgage servicing rights—recapture to the EITF’s agenda.

PIR Projects: The PIR process is an evaluation of whether a standard is achieving its objective by providing investors and other allocators of capital with relevant information in ways that justify the cost of providing it. It is an important quality-control mechanism built into the standard-setting process that begins after the issuance of select standards. During the PIR process, the Board solicits and considers diverse stakeholder input and other research to evaluate the standards that are issued and whether there are areas of improvement that the Board should address.

The FASB reports on the progress of PIR projects during its public meetings and reports regularly to the Standard-Setting Process Oversight Committee (SSPOC) of the FAF Board of Trustees. The final PIR reports are reviewed by the SSPOC and available on the FAF website.

Currently, the FASB is reviewing the following:

- [Credit losses](#)
- [Leases](#).

For both PIR projects, the staff is actively monitoring implementation efforts and ongoing application as well as performing outreach with investors, preparers, auditors, and regulators. Both PIR project teams are actively engaging with the PCC to see if any simplifications can be made for private companies.

The following table lists activities connected with the individual projects:

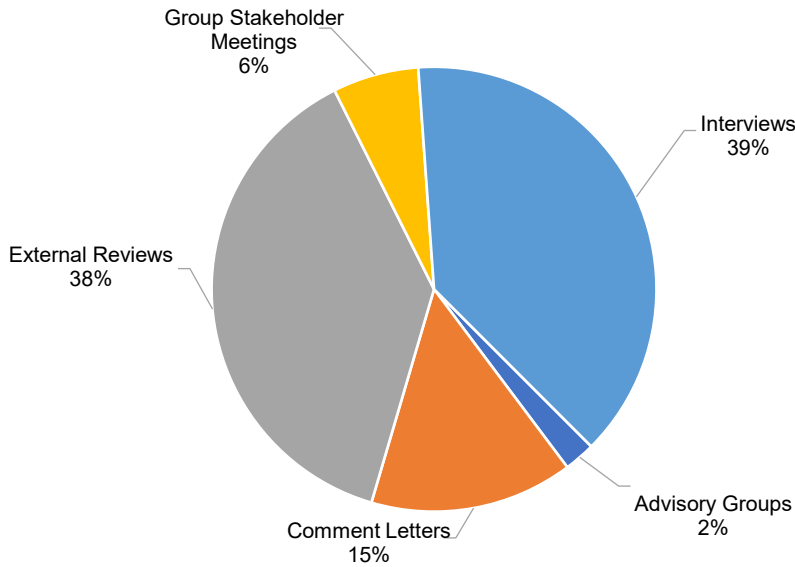
Project	Activities
Credit Losses	<ul style="list-style-type: none"> • Continued to monitor implementation of CECL and engage with stakeholders on various implementation issues through technical inquiries, advisory group meetings, and speeches. • Met with the Financial Accounting Standards Advisory Committee (FASAC) in September 2025 to discuss the benefits and costs of Topic 326. • Issued ASU No. 2025-05, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets</i>, to address stakeholder concerns identified during the PIR process. • Continued drafting a final ASU, <i>Financial Instruments—Credit Losses (Topic 326): Purchased Financial Assets</i>. The ASU is expected to be issued during the fourth quarter.
Leases	<ul style="list-style-type: none"> • Reported PIR activities and Board and staff actions to address issues to Board at the September 3, 2025, Board meeting. • Held a second public roundtable to discuss (1) the benefits and costs of the Leases standard, and (2) the standard-setting and PIR activities related to the standard. • Met with the PCC leases working group to discuss potential simplification items. • Discussed leases with the PCC and the AICPA’s Technical Issues Committee.

ADVISORY COMMITTEE AND OTHER STAKEHOLDER ENGAGEMENT

Throughout its technical agenda and other projects, the Board and staff conduct extensive research and outreach to help understand the impact of issues and potential solutions on diverse stakeholder groups.

The following graphs and charts summarize how the Board and staff heard from stakeholders and who they heard from:

HOW DID WE HEAR FROM OUR STAKEHOLDERS IN Q3 2025?

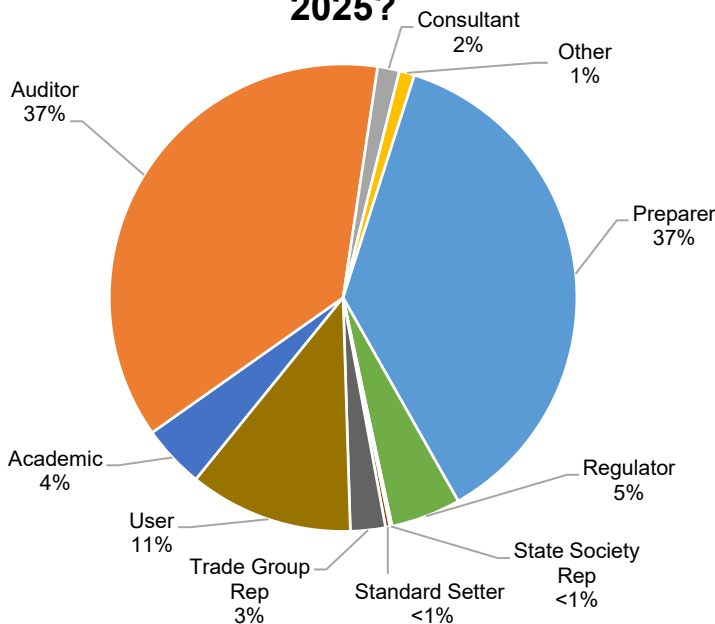


Q3 Summary Statistics		
Type	Q3	YTD
# of Interviews	68	291
# of Comment Letters	26	376
# of External Review Responses	67	82
# of Group Stakeholder Meetings	11	34
# of Advisory Group Meetings*	4	13

Notes:

*Advisory group meetings include one meeting each with the Academic Resource Group (ARG), EITF, FASAC, and PCC.

WHO DID WE ENGAGE WITH IN Q3 2025?



Types of Stakeholders	
Preparers	
Public Entities	84%
Private Entities	13%
Not-for-Profit Entities	3%
Auditors	
Big 4 Firms	58%
Other Global	17%
U.S. National	16%
U.S. Regional & Local	9%
Investors and Other Users	
Buy-side	29%
Sell-side	27%
Credit Rating Agencies, Private Equity, Lender, and Other Users	44%

The following table summarizes the main topics discussed in meetings with the FASB’s advisory groups:

Group	Meeting Date(s)	Topics
ARG	August 7, 2025	<ul style="list-style-type: none"> Accounting for and Disclosure of Intangibles (Research Project)
EITF	September 9, 2025	<ul style="list-style-type: none"> Application of Topic 715 to Market-Return Cash Balance Plans
FASAC	September 18, 2025	<ul style="list-style-type: none"> Agenda Consultation Effects of the Use of Technology on Standard Setting Post-Implementation Review—Current Expected Credit Losses
PCC	September 26, 2025	<ul style="list-style-type: none"> PCC Research Project—Subjective Acceleration Clauses PCC Research Project—Interest Method and Determining the Effective Interest Rate Accounting for Debt Exchanges PCC Research Project—Leases and FASB Leases Post-Implementation Review FASB Agenda Consultation Financial Key Performance Indicators for Business Entities (Research Project) Accounting for and Disclosure of Intangibles (Research Project)

Members appointed to advisory groups in the quarter were:

- EITF: Angie Storm

INTERNATIONAL ACTIVITIES

The FASB collaborates with other national standard setters and the IASB to help improve and align, where appropriate, standards across the globe. The groups monitor each other’s decisions and share research and findings on projects of mutual interest. The following table details these activities during the quarter:

Activity	Meeting Date(s)
IASB/FASB Info Exchanges*	
IFRS Accounting Standards Advisory Forum (ASAF) Meeting	July 7-8
FASB-IASB Chair Meeting	September 8
Multilateral Activities	
Multi-Lateral Network (MLN) Meeting	September 8
World Standard-Setters Conference (WSS)	September 29-30
International Forum of Accounting Standard Setters (IFASS)	September 30
Bilateral Activities	
Korea Accounting Standards Board (KASB)	July 15
Accounting Standards Board of Japan (ASBJ)	July 17
*Ongoing monitoring of implementation activities through biweekly meetings between the FASB technical director and the IASB technical director.	

LEGISLATIVE/REGULATORY OUTREACH

FASB members and staff participate in ongoing dialogue with members of Congress, regulators, and other Washington, DC stakeholders to understand and explain standard-setting matters that affect their constituents.

Legislative/ Regulatory Body	FASB Attendees
U.S. House of Representatives, Committee on Appropriations, Subcommittee on Financial Services and General Government—Majority Staff	Rich Jones
U.S. House of Representatives, Committee on Appropriations, Subcommittee on Financial Services and General Government—Minority Staff	Rich Jones Hillary Salo
U.S. House of Representatives, Committee on Ways and Means—Minority Staff	Rich Jones Hillary Salo
U. S. Senate Committee on Banking, Housing, and Urban Affairs—Majority Staff	Rich Jones Hillary Salo
SEC Chairman Paul Atkins	Rich Jones
The FASB chair and the FASB technical director also continue to meet regularly with the SEC chief accountant and other senior staff of the SEC.	

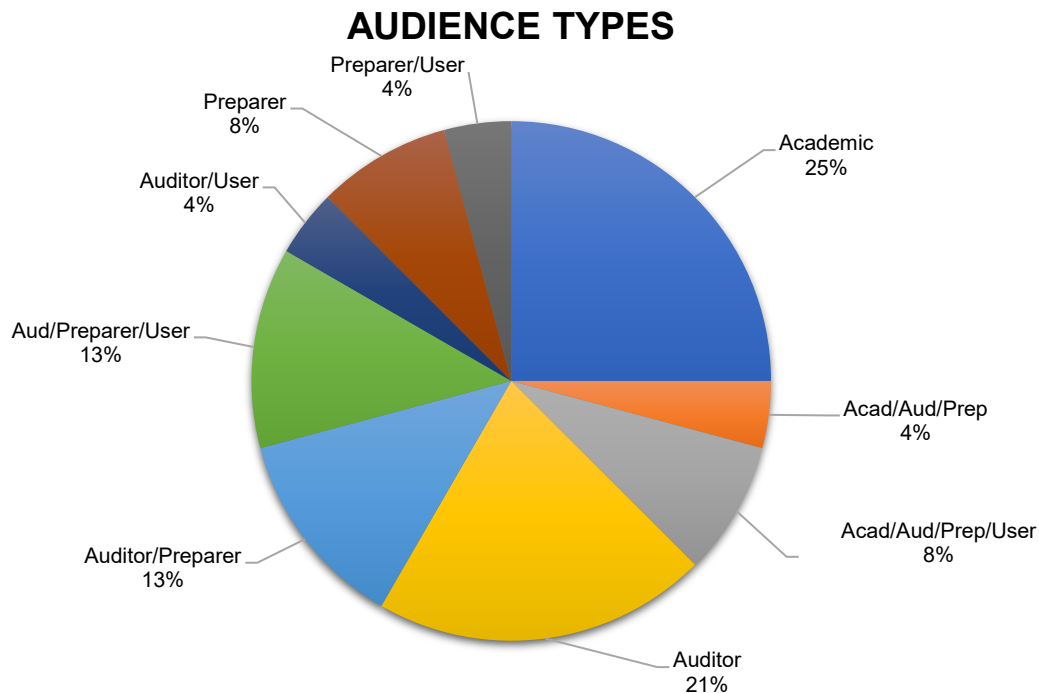
OTHER KEY COMMUNICATION ACTIVITIES

The FASB also continually communicates with a broad range of stakeholders through speaking engagements, media announcements, interviews, videos, and social media. The following tables and graphs detail the educational webinars and videos provided and summarize the speeches delivered during the quarter.

Communication Method	Event Name	Date
Video	PCC Quarterly Update—Q3 2025	July 17, 2025
Webinar	FASB Update for Accounting Academics	September 5, 2025

Speech Activity			
Speaker	2023 3Q	2024 3Q	2025 3Q
FASB Members	6	11	10
FASB Staff	17	23	18
PCC Members	3	0	0
Total	26	34	28

- A total of 28 FASB speakers presented at 24 events. 36% of speakers were FASB members and 64% were FASB staff.
- Staff speeches primarily relate to newly issued or broadly applicable recent guidance and periodic updates about FASB project developments.



Press Releases, Media Advisories, and Social Media

- The FASB issued 14 press releases, media advisories, meeting recaps, and stakeholder emails on a variety of topics, with accompanying social media.

Other Communications Activities and Education

- On July 31, the FASB issued its [2025 Investor Outreach Report](#), highlighting the Board’s investor outreach activities for the year ended June 30, 2025.
- On August 21, the FASB announced a call for research papers for the 2026 Emerging Financial Reporting Issues Research Symposium on the Benefits and Costs of Recently Implemented Standards. This will be the third and final in a series of three annual symposia co-hosted by the FASB and the Chookaszian Accounting Research Center of the University of Chicago Booth School of Business.
- On September 16, Fred Cannon and FASB staff members presented on two panels—one aimed at banks and the other at credit unions—at the AICPA & CIMA combined Conference on Banks and Savings Institutions and Conference on Credit Unions.
- On September 16, Rich Jones spoke at the Deloitte Professional Practice Directors Seminar in Washington, DC.
- On September 17, Rich Jones spoke at the Illinois CPA Society Financial Reporting Symposium.

XBRL ACTIVITIES

At the request of the SEC, the FASB develops and maintains the GAAP Financial Reporting Taxonomy (GRT) and the SEC Reporting Taxonomy (SRT) applicable to public issuers registered with the SEC. In addition, the FASB staff maintains and publishes annually the Data Quality Committee Rules Taxonomy (DQCRT).

Technical Activities

- The FASB staff:
 - Issued for comment proposed technical and other conforming improvements for the 2026 SEC Reporting Taxonomy and related release notes.
 - Published as final (pending annual update) taxonomy improvements for:
 - Accounting Standards Update 2025-05—*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*
 - Accounting Standards Update 2025-06—*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*
 - Published the following proposed GAAP Taxonomy Implementation Guide for the 2025 Taxonomy:
 - *Expense Disaggregation Disclosure (Subtopic 220-40): Disaggregation of Income Statement Expenses*
 - Published the following final GAAP Taxonomy Implementation Guide for the 2025 Taxonomy:
 - *Fair Value Inputs*
 - Performed research to support various Board projects.

Outreach Activities Supporting Board Initiatives

The Taxonomy staff performed outreach in support of Board initiatives in this quarter, which included the following:

- Hosted and participated in meetings of the FASB Taxonomy Advisory Group, XBRL US Data Quality Committee, XBRL US Academic Subcommittee, various XBRL International technical working groups, the IASB IFRS Taxonomy Consultative Group, the UK Financial Reporting Council (FRC), and the SEC Division of Economic and Risk Analysis (DERA) staff.

FASB/GASB INTERACTION

The FASB and the GASB regularly share knowledge and research, including meeting minutes and draft proposed and final standards, to support each other's work on similar standard-setting issues. The FASB and GASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest, and the FASB and GASB chairs and their respective directors held their quarterly meeting to discuss technical issues and other matters of mutual interest.

Appendix—Technical Agenda and Other Projects

Revised September 30, 2025

PROJECTS	Next Milestone	Expected Date
Accounting for Debt Exchanges	Final ASU	1Q 2026
Accounting for Environmental Credit Programs	Final ASU	4Q 2025
Accounting for Government Grants	Final ASU	4Q 2025
Codification Improvements (Evergreen)	Final ASU	4Q 2025
Financial Instruments—Credit Losses (Topic 326)—Purchased Financial Assets	Final ASU	4Q 2025
Interim Reporting—Narrow-Scope Improvements	Final ASU	4Q 2025
Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock	Exposure Draft	Comments Due October 27, 2025
Statement of Cash Flows Targeted Improvements	Board deliberations	Ongoing
Topic 815—Hedge Accounting Improvements	Final ASU	4Q 2025

RESEARCH PROJECTS

Accounting for and Disclosure of Intangibles
Accounting for Commodities
Accounting for Derivatives
Agenda Consultation
Consolidation for Business Entities
Digital Assets
Financial Key Performance Indicators for Business Entities
Hedge Accounting
Statement of Cash Flows

EITF

Application of Topic 715 to Market-Return Cash Balance Plans
Mortgage Servicing Rights—Recapture

POST-IMPLEMENTATION PROJECTS

Credit Losses
Leases