

MINUTES



MEMORANDUM

To: Board Members

From: Indexation—Debt and Equity Project Team

Subject: Minutes of the March 18, 2026, Board Meeting **Date:** March 19, 2026

cc: Tosches

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board’s deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Indexation—Debt and Equity

Basis for Discussion: FASB Memo No. 1 “Agenda Prioritization”.

Length of Discussion: 9:17 a.m. to 10:38 a.m. EDT

Attendance:

Board members present: Jones, Salo, Botosan, Cannon (virtual), Hunt, Joseph, and Cosper

Board members absent: None

Staff in charge of topic: Friend

Other staff at Board table: Day, Sangiuolo, Debbeler, Bohdan, Pople, Garcia, Saul, and Kardzhala

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss feedback received on distinguishing liabilities from equity as part of the FASB's 2025 Invitation to Comment, *Agenda Consultation* (2025 ITC), and whether to add a project to its technical agenda. The Board added a project and has not yet determined the timing of the release of an Exposure Draft.

Tentative Board Decisions:

The Board considered feedback received on distinguishing liabilities from equity as part of the FASB's 2025 Invitation to Comment, *Agenda Consultation* (2025 ITC), and decided to add a project to its technical agenda. **[Vote 7-0]** The Board added this project to (a) make the guidance less complex to apply and understand and (b) increase consistent interpretation and application of the guidance.

The Board decided that the scope of the project would be to address the indexation guidance in the Scope and Scope Exceptions Section in Subtopic 815-40, Derivatives and Hedging—Contracts in Entity's Own Equity. **[Vote 6-1]**

The Board decided to pursue the acceptable variables approach, which is a targeted approach to make specific improvements to Step 2 of the indexation guidance. Under this approach, an instrument would be considered indexed to an entity's own stock as long as the variables that affect the settlement amount are related to specified acceptable variables—the entity's own stock price, strike price of the instrument, term of the instrument, expected dividends or other dilutive activities, stock borrow cost, interest rates, stock price volatility, the entity's credit spread, the ability to maintain a standard hedge position in the underlying shares, and the entity's own operations or activities. **[Vote 6-1]**