

FSP EITF 03-1-1

FASB STAFF POSITION

No. EITF Issue 03-1-1

Title: Effective Date of Paragraphs 10–20 of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"

Date Posted: September 30, 2004

Background

1. The FASB staff has issued a proposed Board-directed FASB Staff Position, FSP EITF Issue 03-1-a, Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." The proposed FSP would provide implementation guidance with respect to debt securities that are impaired solely due to interest rates and/or sector spreads and analyzed for other-than-temporary impairment under paragraph 16 of Issue 03-1. The Board asked constituents to comment on whether the application guidance with respect to "minor impairments" should also be applied to securities analyzed for impairment under paragraphs 10–15 of Issue 03-1. Based on the comment letters received by constituents, the Board decided to further consider whether application guidance is necessary for all securities analyzed for impairment under paragraphs 10–20 of Issue 03-1.

FASB Staff Position

2. The Board has directed the FASB staff to delay the effective date for the measurement and recognition guidance contained in paragraphs 10–20 of Issue 03-1.

This delay does not suspend the requirement to recognize other-than-temporary impairments as required by existing authoritative literature. During the period of the delay, an entity holding investments should continue to apply relevant "other-than-temporary" guidance, such as paragraph 16 of FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, including the guidance referenced in footnote 4 of that paragraph, paragraph 6 of APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*, and EITF Issue No. 99-20, "Recognition FSP on EITF Issue 03-1 (FSP EITF 03-1-1) of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets," as applicable. The delay of the effective date for paragraphs 10–20 of Issue 03-1 will be superseded concurrent with the final issuance of FSP EITF Issue 03-1-a.

3. The disclosure guidance in paragraphs 21 and 22 of Issue 03-1 remains effective.