

Press Releases

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OTS 08-043 - Federal Banking Agencies Evaluating FASB's Accounting Proposals

Joint Release

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Office of Thrift Supervision**

FOR RELEASE
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Washington – The federal banking agencies are evaluating the amendments to generally accepted accounting principles proposed today by the Financial Accounting Standards Board (FASB).

These proposals would amend Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (FAS 140), and FASB Interpretation No. 46(R), Consolidation of Variable Interest Entities (FIN 46(R)).

The FASB's proposed amendments would remove the concept of a qualifying special purpose entity (QSPE) from FAS 140. This would require that variable interest entities previously accounted for as QSPEs under FAS 140 be analyzed to determine whether they must be consolidated in accordance with FIN 46(R). The amendment also would revise the criteria for reporting a sale versus a financing.

The proposed amendments also would modify the guidance in FIN 46(R) for determining which enterprise, if any, would consolidate a variable interest entity and require additional disclosures. Banking organizations commonly use QSPEs and variable interest entities for securitization and other structured finance activities.

The Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and Office of Thrift Supervision are evaluating the potential impact that these proposals could have on banking organizations' financial statements, regulatory capital, and other regulatory requirements. The agencies expect to engage in discussions with banks, savings associations, and bank holding companies to review and understand fully the implications of the proposed amendments.

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