

MEMO# 1349

August 16, 1989

FASB EXPOSURE DRAFT - DISCLOSURE OF INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

August 16, 1989 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 33-89 INDEPENDENT ACCOUNTANTS ADVISORY GROUP RE: FASB EXPOSURE DRAFT - DISCLOSURE OF INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

As you may recall, the FASB issued an exposure draft in 1987, Disclosures About Financial Instruments, as a first step in its project on financial instruments and off-balance-sheet financing. That proposed Statement would have required certain disclosures for all financial instruments about their credit risk, market risk, liquidity risk and market values. Following receipt and analysis of some 450 comment letters, including one submitted by the Institute (Memorandum to Accounting/Treasurer Advisory Committee No. 15-88 dated April 28, 1988), the FASB determined to address the disclosure issues raised in the 1987 exposure draft in two parts. The first part, covered by the attached proposed Statement, predominantly addresses instruments with off-balance-sheet risk, proposing disclosures about the extent, nature, and terms of such instruments and related disclosures about their credit risk. This first phase also proposes disclosures about credit risk for all financial instruments. A second exposure draft, to be issued at a later date, will propose disclosures about credit, market and liquidity risk for all financial instruments. Please review the provisions of this document for their potential effects on investment companies. As comments to FASB are due September 19, 1989, please provide me with any comments you wish to have included in the Institute's letter by September 8, 1989. Thank you for your assistance and your attention to this matter. Donald J. Boteler Director of Operations/ Fund Accounting Attachment