

**MEMO# 940**

January 24, 1989

## **FASB MOVES TOWARD ISSUANCE OF FINAL STATEMENT AMENDING SFAS NO. 95; SEC CLARIFIES NO-ACTION POSITION**

January 24, 1989 TO: CLOSED-END FUND COMMITTEE NO. 2-89 SEC RULES COMMITTEE NO. 7-89 UNIT INVESTMENT TRUST COMMITTEE NO. 3-89 ACCOUNTING/TREASURERS COMMITTEE NO. 7-89 INDEPENDENT ACCOUNTANTS ADVISORY GROUP RE: FASB MOVES TOWARD ISSUANCE OF FINAL STATEMENT AMENDING SFAS NO. 95; SEC CLARIFIES NO-ACTION POSITION \_\_\_\_\_ At its January 18 meeting, the Financial Accounting Standards Board (FASB) made a preliminary determination to issue a final statement of its November 30, 1988 Exposure Draft exempting most investment companies from SFAS No. 95, Statement of Cash Flows (Accounting/Treasurers Committee No. 46-88, Unit Investment Trust Committee No. 40-88, Closed-End Fund Committee No. 36-88, and SEC Rules Committee No. 78-88). A second vote of the FASB, expected to take place on Friday, January 27, 1989 or Monday, January 30, 1989, is required before the final statement can be officially issued. The FASB staff has indicated that the final statement is likely to be substantially unchanged from the Exposure Draft, and is expected to be published by mid-February. As you know, the SEC's no-action position of December 14, 1988 permits registered investment companies to omit a statement of cash flows from financial statements filed prior to adoption of the final statement so long as the financial statements include prominent disclosure of the omission based on the pending modifications contained in the exposure draft (Accounting/Treasurers Members No. 1-88, Unit Investment Trust Members No. 72-88, Closed-End Fund Members No. 60-88, and SEC Rules Members No. 60-88). The SEC staff has stated that, after the second (affirmative) vote of the FASB to adopt the final statement, it will accept financial statements filed without cash flow statements and without the disclosures called for in its December 14 no-action position. It is the SEC staff's view that the question of whether to include the disclosures in financial statements filed between the date of the second FASB vote and formal issuance of the final statement is a matter to be decided between registrants and their auditors. We will keep you advised of developments. Donald J. Boteler Director of Operations/ Fund Accounting