

FASB Makes Tentative Decisions on Interest Income Associated With Purchased Callable Debt Securities

Yesterday, the FASB met to discuss its project on narrow-scope improvements to accounting for interest income associated with the purchase of callable debt securities. The Board (1) affirmed its previous tentative decision to require amortization of premiums on all callable debt securities to the first call date, excluding those subject to ASC 325-40,¹ and (2) authorized its staff to draft a proposed Accounting Standards Update (ASU) to address the amortization of premiums on callable debt securities. The proposed ASU will provide for a modified retrospective approach to transition; the comment period will be 45 days.

The FASB also discussed additional interest income disclosures for purchased financial assets; however, the Board determined that further research is necessary before any tentative decisions are reached. Therefore, the Board decided to address additional disclosures as a separate project.

For more information, refer to the meeting [handout](#).

¹ FASB Accounting Standards Codification Subtopic 325-40, *Investments — Other: Beneficial Interests in Securitized Financial Assets*.

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