
FASB Decides to Postpone Effective Date Related to the Proposed ASU on Disclosure of Certain Loss Contingencies

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On July 20, 2010, the Financial Accounting Standards Board ("FASB") issued an exposure draft of a proposed Accounting Standards Update, *Disclosure of Certain Loss Contingencies* (the "Proposed ASU"). The Proposed ASU would update Accounting Standards Codification Topic 450-Contingencies ("ASC Topic 450"). The guidance contained in the Proposed ASU would:

- Expand the population of loss contingencies that are required to be disclosed to include certain *remote contingencies*;
- Enhance disclosure of qualitative and quantitative information about loss contingencies to enable financial statement users to understand the nature, potential magnitude and potential timing (if known) of certain loss contingencies; and
- With respect to public entities, require tabular reconciliations, by class, of recognized (accrued) loss contingencies.

The comment period ended on September 20, 2010, and the Proposed ASU contemplated that the new disclosure requirements would become effective for annual financial statements issued for fiscal years ending after December 15, 2010. However, due to the volume of comment letters received and the complex issues raised therein, the FASB agreed at its October 27, 2010 board meeting to postpone the effective date. The FASB decided that a final standard will not be effective for the 2010 calendar year-end reporting period. Although the FASB did not specify when the new effective date would be, it did indicate plans to resume deliberating the Proposed ASU sometime before the end of 2010.

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