

To the Point

FASB – Invitation to Comment

FASB staff seeks stakeholder input on future standard-setting agenda

Stakeholder feedback will help the Board prioritize the topics it addresses in its future standard-setting agenda.

What you need to know

- ▶ The FASB staff issued an Invitation to Comment seeking stakeholder feedback on the Board's future standard-setting agenda.
- ▶ The staff is seeking feedback on various questions related to financial accounting and reporting in the following areas: (1) combination of entities, (2) financial instruments, (3) intangibles, (4) other assets and liabilities, (5) retirement and other employee benefits, (6) income and expenses, (7) presentation and disclosure of financial reporting information and (8) current research agenda projects.
- ▶ Comments are due by 30 June 2025.

Overview

The Financial Accounting Standards Board (FASB or Board) staff issued an [Invitation to Comment](#) (ITC) seeking stakeholder feedback on the Board's future standard-setting agenda. The staff said this feedback is critical for making sure the FASB continues to allocate its resources to standard-setting projects that fulfill its mission and address financial accounting and reporting topics that are of the highest priority to its stakeholders.

The staff is requesting feedback on improvements to financial accounting and reporting that are needed to (1) provide investors with more useful financial statement information, (2) reduce unnecessary cost and complexity, and (3) maintain and improve the FASB Accounting Standards Codification (ASC).

Many of the topics discussed in the ITC focus on targeted improvements to GAAP.

The ITC seeks stakeholder feedback on the following matters:

- ▶ Whether the financial accounting and reporting topics described in the ITC are areas that have potential for significant improvement
- ▶ The priority and urgency of each topic
- ▶ The potential solutions the FASB staff should consider, as well as the expected benefits and costs of each solution
- ▶ If there are any topics beyond those in the ITC that the FASB should consider adding to its agenda, including the priority and urgency of such topics

The content in the ITC is based on input from various stakeholders, including investors, practitioners, preparers and academics, and it does not include the Board's views.

The Board will consider the feedback it receives on the ITC when making decisions about changes to its agenda, including whether any topics should be added and order of priority. The ITC and the agenda consultation process are intended to supplement the FASB's formal agenda request process.

Background

Since issuing its report in June 2022 summarizing feedback received on its 2021 agenda consultation project, the FASB has continued to address the top priorities identified by stakeholders by issuing final Accounting Standards Updates (ASUs), proposed ASUs and ITCs and by making changes to its technical and research agendas. The FASB also made certain improvements to the standard-setting process, including reconstituting the Emerging Issues Task Force. In light of this progress, FASB Chair Richard R. Jones announced in May 2024 that the FASB would undertake a similar agenda consultation process to determine which areas it should address next.

Stakeholders that provided feedback used to develop the latest ITC encouraged the FASB to continue to:

- ▶ Be aware of the pace of change when setting effective dates for new guidance
- ▶ Develop examples to help entities apply GAAP in complex or industry-specific fact patterns
- ▶ Consider industry-specific matters
- ▶ Communicate how stakeholder feedback and expected benefits and costs factored into the FASB's decisions
- ▶ Assess the effectiveness of disclosures under new and current guidance

Most stakeholders said there is no need for major changes to US GAAP at this time, and therefore, many of the topics discussed in the ITC focus on targeted improvements.

Key considerations

The ITC seeks stakeholder feedback on matters related to financial accounting and reporting in the following areas:

Combination of entities

The staff seeks feedback on, among other topics, whether the Board should consider simplifying the accounting in ASC 323, *Investments – Equity Method and Joint Ventures*, and clarifying the interaction of ASC 810, *Consolidation*, with other areas of GAAP. In particular, the staff asks whether the FASB should consider requiring equity method investments to be accounted for consistently with other investments in accordance with ASC 321, *Investments – Equity Securities*.

Financial instruments

The staff seeks input on whether the Board should consider making targeted improvements to the guidance for distinguishing contracts that are classified as equity from those classified as liabilities in ASC 815-40, *Derivatives and Hedging – Contracts in Entity's Own Equity*. Stakeholders have noted that the guidance continues to be complex and costly to apply.

The staff also seeks input on whether the Board should pursue a project addressing whether alternative funding arrangements should be accounted for as research and development funding arrangements or as sales of future revenue.

In addition, the staff seeks feedback on whether the Board should consider narrowing the definition of a derivative beyond its proposed refinements to the derivative scope exceptions¹ to reduce costs and complexity, among other topics.

Intangibles

The staff seeks input on whether the FASB should address the application of current recognition and derecognition guidance to crypto asset transactions. It also asks for feedback, among other topics, on whether the Board should pursue a project on the subsequent accounting for goodwill.

Other assets and liabilities

The staff seeks input on whether some of the recently proposed amendments² on the measurement of credit losses for accounts receivables and contract assets for private companies and not-for-profit entities arising from transactions accounted for under ASC 606, *Revenue from Contracts with Customers*, should apply to public business entities and whether the FASB should expand the scope of its proposal to other short-term assets.

The staff also requests feedback on whether the FASB should address, among other topics, whether an entity should apply the guidance in ASC 460, *Guarantees*, or in ASC 606 when it enters into certain guarantees.

Retirement and other employee benefits

The staff seeks feedback on whether the FASB should address the accounting for gains and losses of defined benefit plans, as well as the remeasurement of share-based payment awards for both equity-classified and liability-classified awards, among other topics.

Income and expenses

The staff requests input on, among other topics, whether the FASB should address certain issues highlighted in its post-implementation review³ of ASC 606:

- ▶ Challenges in performing the principal versus agent assessment, which requires entities to apply significant judgment and can result in different financial reporting outcomes for economically similar transactions
- ▶ Whether entities (or a subset of entities) should be required to recognize variable consideration when the underlying triggers have been reached, since estimating variable consideration when determining the transaction price for commission-based entities can distort the financial statements
- ▶ Challenges in applying the guidance on consideration payable to customers

Presentation and disclosure of financial reporting information

The staff seeks input on whether the FASB should consider enhancing certain disclosure guidance and potentially removing outdated disclosure guidance that may no longer provide relevant information about an entity.

Current research agenda projects

The FASB staff also recently issued two separate ITCs for its research projects on financial key performance indicators and on the accounting for and disclosure of intangibles.

In addition, the staff seeks input on whether the FASB should consider a project to develop a single consolidation model or make targeted improvements to better align the current voting interest entity and variable interest entity guidance. The staff also asks for input on whether the FASB consider a project on the statement of cash flows, given the wide variety of views about potential improvements.

How we see it

We encourage all stakeholders to carefully consider the issues and questions raised in the ITC and provide their perspectives to help inform the direction of the FASB's agenda. This feedback will help the Board align its future standard-setting activities with the issues that are most important to stakeholders.

Endnotes:

- ¹ Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for a Share-Based Payment from a Customer in a Revenue Contract*.
- ² Proposed Accounting Standards Update, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets for Private Companies and Certain Not-for-Profit Entities*.
- ³ Post-Implementation Review, *Revenue from Contracts with Customers (Topic 606)*.

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