



FASB PROPOSES CHANGES TO INTERIM DISCLOSURE REQUIREMENTS

Norwalk, CT, November 1, 2021—The Financial Accounting Standards Board (FASB) today issued a proposed Accounting Standards Update (ASU) that would modify the disclosure requirements for interim financial reporting. Stakeholders are encouraged to review and provide comment on the proposal by January 31, 2022.

The proposed ASU is part of the FASB's disclosure framework project to improve the effectiveness of disclosures in the notes to financial statements. It would update *FASB Accounting Standards Codification*® Topic 270, Interim Reporting, which clarifies the application of accounting principles and reporting practices for entities preparing interim financial statements and notes in accordance with Generally Accepted Accounting Principles (GAAP). The amendments to Topic 270 would apply to all entities that provide interim financial statements and notes in accordance with GAAP.

Broadly, the proposed ASU would:

1. **Incorporate a requirement that was previously included in SEC Regulation S-X that requires disclosure at interim periods when a significant event or transaction has occurred since the prior year-end that has a material effect on an entity**

The U.S. Securities and Exchange Commission (SEC) removed language from Regulation S-X, Rule 10-01, *Interim Financial Statements*, with the 2018 issuance of SEC Release No. 33-10532, *Disclosure Update and Simplification*. The amendments in this proposed ASU would add a new principle, based on the removed portion of Regulation S-X, which would be applicable to all entities that provide interim financial statements and notes in accordance with GAAP. The proposed ASU also states that the resulting disclosures may be transaction or event specific.

2. **Clarify the presentation and disclosure alternatives for interim financial statements and notes in accordance with GAAP**

The proposed ASU would clarify that the following three forms of financial statements and notes are in accordance with GAAP:

1. Financial statements prepared with the same level of detail as the previous annual statements subject to all the presentation and disclosure requirements in GAAP
2. Financial statements prepared with the same level of detail as the previous annual statements subject to all the presentation requirements in GAAP and limited notes subject to the disclosure requirements in Topic 270
3. Condensed financial statements and limited notes subject to the disclosure requirements in Topic 270.
3. **Address feedback from stakeholders who requested that interim reporting requirements be clarified and consolidated into one Topic of the Codification.**

Certain amendments in the proposed ASU would respond to stakeholders' desire for interim reporting requirements to be clarified and consolidated into one Topic of the Codification.

Finally, the proposed ASU includes amendments to clarify when comparative disclosures are required.

The proposed ASU is available at www.fasb.org.