Recently issued accounting pronouncements

Financial services

As part of our continuous efforts to stay current on the latest Financial Accounting Standards Board (FASB) pronouncements, we offer this resource to keep you up to date. We will update this regularly with pronouncements most relevant to the financial services industry. As always, contact us if you have questions or concerns.

Last review date: June 1, 2021 through ASU 2021-04

Legend

P - Public business entity that meets the definition of an SEC filer
PBE - All other public business entities
NP - All other entities

Accounting Standards Update	Highlights	Effective Dates
2016-02, Leases (Topic 842)	The ASU was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements.	**Pursuant to ASU No. 2019-10:** **P/PBE*:** Fiscal years beginning after December 15, 2018, including interim periods within those fiscal years [1] * Includes not-for-profit entities that have issued or are conduit bond obligors for securities that are traded, listed, or quoted on an exchange or an over-the-counter market and employee benefit plans that file or furnish financial statements with or to the SEC [1] Public not-for-profit entities that had not yet issued financial statements (or made financial statements available for issuance) were granted a one-year delay via ASU No. 2020-05 **Pursuant to ASU No. 2020-05:** **NP:** Fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 Early adoption is permitted.
2016-13, Financial Instruments – Credit Losses (Topic 326)	Under the new guidance, which will replace the existing incurred loss model for recognizing credit losses, organizations will be required to recognize the full amount of expected credit losses. The new guidance, which is referred to as the current expected credit loss model, requires that expected credit losses for financial assets held at the reporting date that are accounted for at amortized cost be measured and recognized based on historical experience and current and reasonably supportable forecasted conditions to reflect the full amount of expected credit losses. A modified version of these requirements also applied to debt securities classified as available-for-sale.	**Pursuant to ASU No. 2019-10:** **P*:** Fiscal years beginning after December 15, 2019, including interim periods within those fiscal years **PBE/NP:** Fiscal years beginning after December 15, 2022, including interim periods within those fiscal years * Excludes entities eligible to be SRCs as defined by the SEC Early adoption is permitted.

2017-04, Intangibles – Goodwill and Other (Topic 350): *Simplifying the Test for Goodwill Impairment*	The ASU was issued to reduce the cost and complexity of the goodwill impairment test. To simplify the subsequent measurement of goodwill, step two of the goodwill impairment test was eliminated. Instead, a company will recognize an impairment of goodwill should the carrying value of a reporting unit exceed its fair value (i.e. step one).	**P:** Fiscal years beginning after December 15, 2019, including interim periods within those fiscal years **PBE:** Fiscal years beginning after December 15, 2020, including interim periods within those fiscal years **NP:** Fiscal years beginning after December 15, 2021, including interim periods within those fiscal years Early adoption is permitted.
2017-12, Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*	The ASU was issued to make certain specific improvements to hedge accounting to better align hedge accounting with risk management activities, eliminate the separate measurement and recording of hedge ineffectiveness, improve presentation and disclosure, and other simplifications. All transition requirements and elections are to be applied to existing hedging relationships upon adoption.	**Pursuant to ASU No. 2019-10:** **P/PBE:** The ASU is already in effect. **NP:** Fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021 Early adoption is permitted.
2020-04, Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*	The ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU only apply to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.	**P/PBE/NP:** As of March 12, 2020 through December 31, 2022.
2021-03, Intangibles – Goodwill and Other (Topic 350): *Accounting Alternative for Evaluating Triggering Events*	Under the current guidance in Subtopic 350-20, an entity is required to identify and evaluate goodwill impairment triggering events when they occur to determine whether it is more likely than not that the fair value of a reporting unit (or entity, if the entity has elected the accounting alternative for amortizing goodwill and chosen that option) is less than its carrying amount. If an entity determines that it is more likely than not that goodwill is impaired, it must test goodwill for impairment using the triggering event date as the measurement date. The ASU allows an entity to elect not to monitor for goodwill impairment triggering events during the reporting period and, instead, to evaluate the facts and circumstances as of the end of the reporting period to determine whether it is more likely than not that goodwill is impaired.	**P/PBE:** Not eligible **NP*:** On a prospective basis for fiscal years beginning after December 15, 2019 * Must have elected the accounting alternative