

460 - Guarantees

460-10 - Overall

460-10-00 - Status

General Note: The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates. The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

General

460-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Acquirer	Amended	Accounting Standards Update No. 2025-03	05/12/2025
Acquisition by a Not-for-Profit Entity	Added	Accounting Standards Update No. 2010-07	01/28/2010
Bargain Purchase Option	Superseded	Accounting Standards Update No. 2016-02	02/25/2016
Bargain Renewal Option	Superseded	Accounting Standards Update No. 2016-02	02/25/2016
Business	Amended	Accounting Standards Update No. 2017-01	01/05/2017
Commencement Date of the Lease (Commencement Date)	Added	Accounting Standards Update No. 2016-02	02/25/2016
Customer	Added	Accounting Standards Update No. 2014-09	05/28/2014
Contract	Added	Accounting Standards Update No. 2014-09	05/28/2014
Direct Guarantee of Indebtedness	Added	Accounting Standards Update No. 2014-06	03/14/2014
Fair Value (3rd def.)	Added	Accounting Standards Update No. 2012-04	10/01/2012
Indirect Guarantee of Indebtedness	Amended	Accounting Standards Update No. 2014-06	03/14/2014

Indirectly Related to the Leased Property	Superseded	Accounting Standards Update No. 2016-02	02/25/2016
Lease	Added	Accounting Standards Update No. 2016-02	02/25/2016
Lease Payments	Added	Accounting Standards Update No. 2016-02	02/25/2016
Lease Term	Amended	Accounting Standards Update No. 2016-02	02/25/2016
Lessee	Added	Accounting Standards Update No. 2016-02	02/25/2016
Lessor	Added	Accounting Standards Update No. 2016-02	02/25/2016
Noncancelable Lease Term	Superseded	Accounting Standards Update No. 2016-02	02/25/2016
Performance Obligation	Added	Accounting Standards Update No. 2014-09	05/28/2014
Registration Payment Arrangement	Added	Accounting Standards Update No. 2016-19	12/14/2016
Reinsurance	Added	Accounting Standards Update No. 2016-19	12/14/2016
Revenue	Added	Accounting Standards Update No. 2014-09	05/28/2014
Underlying Asset	Added	Accounting Standards Update No. 2016-02	02/25/2016
Variable Interest Entity	Superseded	Accounting Standards Update No. 2025-03	05/12/2025
Variable Lease Payments	Added	Accounting Standards Update No. 2016-02	02/25/2016
460-10-05-3	Amended	Accounting Standards Update No.	06/12/2015

460-10-15-7	Amended	2015-10 Accounting Standards Update No. 2016-19	12/14/2016
460-10-15-7	Amended	Accounting Standards Update No. 2016-02	02/25/2016
460-10-15-7	Amended	Accounting Standards Update No. 2014-09	05/28/2014
460-10-15-9	Amended	Accounting Standards Update No. 2014-09	05/28/2014
460-10-25-1	Amended	Accounting Standards Update No. 2016-02	02/25/2016
460-10-25-1	Amended	Accounting Standards Update No. 2010-07	01/28/2010
460-10-25-2	Amended	Accounting Standards Update No. 2016-13	06/16/2016
460-10-25-3	Amended	Accounting Standards Update No. 2016-13	06/16/2016
460-10-25-8	Amended	Accounting Standards Update No. 2014-09	05/28/2014
460-10-25-8A	Added	Accounting Standards Update No. 2014-09	05/28/2014
460-10-30-2	Amended	Accounting Standards Update No. 2016-13	06/16/2016
460-10-30-2	Amended	Accounting Standards Update No. 2016-02	02/25/2016
460-10-30-3	Amended	Accounting Standards Update No. 2016-13	06/16/2016
460-10-30-5	Added	Accounting Standards Update No. 2016-13	06/16/2016
460-10-35-2	Amended	Maintenance Update 2014-	09/29/2014

460-10-35-3	Superseded	20 Accounting Standards Update No. 2016-13	06/16/2016
460-10-35-4	Amended	Accounting Standards Update No. 2016-13	06/16/2016
460-10-35-4	Amended	Maintenance Update 2014- 20	09/29/2014
460-10-45-1	Amended	Accounting Standards Update No. 2016-13	06/16/2016
460-10-50-1	Amended	Accounting Standards Update No. 2020-10	10/29/2020
460-10-50-1	Amended	Accounting Standards Update No. 2016-19	12/14/2016
460-10-50-4	Amended	Accounting Standards Update No. 2016-13	06/16/2016
460-10-50-5	Amended	Accounting Standards Update No. 2016-13	06/16/2016
460-10-50-8	Amended	Accounting Standards Update No. 2024-03	11/04/2024
460-10-50-8	Amended	Accounting Standards Update No. 2014-09	05/28/2014
460-10-55-15	Amended	Accounting Standards Update No. 2012-04	10/01/2012
460-10-55-16	Amended	Maintenance Update 2015- 11	06/19/2015
460-10-55-16	Amended	Accounting Standards Update No. 2012-04	10/01/2012
460-10-55-16	Amended	Accounting Standards Update No. 2009-16	12/23/2009
460-10-55-17	Amended	Accounting Standards Update No. 2016-02	02/25/2016

460-10-55-17	Amended	Accounting Standards Update No. 2014-09	05/28/2014
460-10-55-18	Amended	Accounting Standards Update No. 2012-04	10/01/2012
460-10-55-22	Amended	Accounting Standards Update No. 2016-13	06/16/2016
460-10-55-23	Amended	Accounting Standards Update No. 2016-02	02/25/2016
460-10-60-3	Amended	Accounting Standards Update No. 2016-02	02/25/2016
460-10-60-3	Amended	Accounting Standards Update No. 2014-09	05/28/2014
460-10-60-8 through 60-10	Superseded	Accounting Standards Update No. 2014-09	05/28/2014
460-10-60-16 through 60-18	Amended	Accounting Standards Update No. 2016-02	02/25/2016
460-10-60-19	Superseded	Accounting Standards Update No. 2016-02	02/25/2016
460-10-60-20 through 60-24	Amended	Accounting Standards Update No. 2016-02	02/25/2016
460-10-60-25 through 60-27	Superseded	Accounting Standards Update No. 2016-02	02/25/2016
460-10-60-28	Superseded	Accounting Standards Update No. 2012-04	10/01/2012
460-10-60-29 through 60-31	Superseded	Accounting Standards Update No. 2016-02	02/25/2016
460-10-60-32	Amended	Accounting Standards Update No. 2018-10	07/18/2018
460-10-60-32	Amended	Accounting Standards Update No.	02/25/2016

460-10-60-33	Superseded	2016-02 Accounting Standards Update No.	02/25/2016
460-10-60-34	Superseded	2016-02 Accounting Standards Update No.	10/01/2012
460-10-60-35	Superseded	2012-04 Accounting Standards Update No.	06/12/2015
460-10-60-36	Amended	2015-10 Accounting Standards Update No.	12/23/2009
460-10-60-38	Superseded	2009-16 Accounting Standards Update No.	05/28/2014
460-10-60-41	Amended	2014-09 Accounting Standards Update No.	05/28/2014

460-10-05 - Overview and Background

General Note: The Overview and Background Section provides overview and background material for the guidance contained in the Subtopic. It does not provide the historical background or due process. It may contain certain material that users generally consider useful to understand the typical situations addressed by the standards. The Section does not summarize the accounting and reporting requirements.

General

460-10-05-1 The Guarantees Topic establishes the accounting and disclosure requirements to be met by a guarantor for certain guarantees issued and outstanding. This Topic contains only the Overall Subtopic. The guidance in this Subtopic is presented in the following two Subsections:

- a. General
- b. Product [Warranties](#).

460-10-05-2 The General Subsections address the recognition of a liability by a guarantor at the inception of a guarantee for the obligations the guarantor has undertaken in issuing that guarantee, and require certain disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees.

460-10-05-3 Additional guidance about certain guarantees, such as put options, is provided in other Topics. Section [460-10-60](#) provides links to those other Topics. Guarantees that are unique to a particular industry are discussed in the Topic for that industry.

Product Warranties

460-10-05-4 The Product Warranties Subsections address accounting for product [warranties](#).

460-10-10 - Objectives

General Note: The Objectives Section provides the high-level objectives that the Subtopic is intended to accomplish or attain. The Section does not summarize or discuss the main principles of accounting and reporting requirements.

General

- 460-10-10-1 The objective of the Guarantees Topic is to achieve transparency in a guarantor's financial reporting about the obligations and risks arising from issuing guarantees in the following two ways:
- To provide informative disclosures about the nature and amount of guarantees in the financial statements of guarantors
 - To help ensure comparability of financial reporting for guarantees issued with a separately identified premium and guarantees issued without a separately identified premium by requiring recognition of a liability for the obligation incurred by a guarantor in issuing a guarantee.

460-10-15 - Scope and Scope Exceptions

General Note: The Scope and Scope Exceptions Section outlines the items (for example, the entities, transactions, instruments, or events) to which the guidance in the Subtopic does or does not apply. In some cases, the Section may contain definitional or other text to frame the scope.

General Note for Financial Instruments: Some of the items subject to the guidance in this Subtopic are [financial instruments](#). For guidance on matters related broadly to all financial instruments, (including the fair value option, accounting for registration payment arrangements, and broad financial instrument disclosure requirements), see Topic [825](#). See Section [825-10-15](#) for guidance on the scope of the Financial Instruments Topic.

General

Overall Guidance

- 460-10-15-1 The General Subsection of this Section establishes the pervasive scope for the Guarantees Topic, with specific exceptions noted in the other Subsections of this Section.

Entities

- 460-10-15-2 The guidance in the Guarantees Topic applies to all entities.

Transactions

- 460-10-15-3 The transactions guidance for the scope of the Guarantees Topic is organized as follows:
- Transactions that are within the scope of this Topic
 - Transactions that are excluded from the scope of this Topic.

Transactions That Are within the Scope of This Topic

- 460-10-15-4 Except as provided in paragraph [460-10-15-7](#), the provisions of this Topic apply to the following types of guarantee contracts:
- Contracts that contingently require a guarantor to make payments (as described in the following paragraph) to a guaranteed party based on changes in an [underlying](#) that is related to an asset, a liability, or an equity security of the guaranteed party. For related implementation guidance, see paragraph [460-10-55-2](#).
 - Contracts that contingently require a guarantor to make payments (as described in the following paragraph) to a guaranteed party based on another entity's failure to perform under an obligating agreement (performance guarantees). For related implementation guidance, see paragraph [460-10-55-12](#).
 - Indemnification agreements (contracts) that contingently require an indemnifying party (guarantor) to make payments to an indemnified party (guaranteed party)

based on changes in an underlying that is related to an asset, a liability, or an equity security of the indemnified party.

- d. [Indirect guarantees of the indebtedness](#) of others, even though the payment to the guaranteed party may not be based on changes in an underlying that is related to an asset, a liability, or an equity security of the guaranteed party.

460-10-15-5 Payments by a guarantor (referred to in the preceding paragraph) could be either in cash, financial instruments, other assets, shares of its stock, or provision of services. Further, a guarantor's payments could involve a gross settlement, in which certain assets are concurrently transferred to the guarantor in exchange for the specified consideration (as in the settlement of an exercised put option or other contingent forward contract), or a net settlement. Thus, both financial and nonfinancial contracts are included in the scope of paragraph [460-10-15-4](#).

460-10-15-6 For guarantees of debt, it does not matter whether the guaranteed party is the creditor or the debtor, that is, whether the guarantor is required to pay the creditor or the debtor (who would then have the funds to pay its debt to the creditor). The underlying (that is, the debtor's failure to make scheduled payments or the occurrence of other events of default) could be related to either the creditor's receivable or the debtor's liability.

Transactions That Are Excluded from the Scope of This Topic

- 460-10-15-7 The guidance in this Topic does not apply to the following types of guarantee contracts:
- a. A guarantee or an indemnification that is excluded from the scope of Topic [450](#) (see paragraph [450-20-15-2](#)-primarily employment-related guarantees)
 - b. A lessee's guarantee of the residual value of the [underlying asset](#) at the expiration of the [lease term](#) under Topic [842](#)
 - c. A contract that meets the characteristics in paragraph [460-10-15-4\(a\)](#) but is accounted for as [variable lease payments](#) under Topic [842](#)
 - d. A guarantee (or an indemnification) that is issued by either an insurance entity or a [reinsurance](#) entity and accounted for under Topic [944](#) (including guarantees embedded in either insurance contracts or investment contracts)
 - e. A contract that meets the characteristics in paragraph [460-10-15-4\(a\)](#) but provides for payments that constitute a vendor rebate (by the guarantor) based on either the sales revenues of, or the number of units sold by, the guaranteed party
 - f. A contract that provides for payments that constitute a vendor rebate (by the guarantor) based on the volume of purchases by the buyer (because the underlying relates to an asset of the seller, not the buyer who receives the rebates)
 - g. A guarantee or an indemnification whose existence prevents the guarantor from being able to either account for a transaction as the sale of an asset that is related to the guarantee's underlying or recognize in earnings the profit from that sale transaction
 - h. A [registration payment arrangement](#) within the scope of Subtopic [825-20](#) (see Section [825-20-15](#))
 - i. A guarantee or an indemnification of an entity's own future performance (for example, a guarantee that the guarantor will not take a certain future action)
 - j. A guarantee that is accounted for as a [credit derivative](#) at fair value under Topic [815](#).
 - k. A sales incentive program in which a manufacturer contractually guarantees to reacquire the equipment at a guaranteed price or guaranteed prices at a specified time, or at specified time periods (for example, the entity is obligated to reacquire the

equipment or the entity is obligated at the [customer's](#) request to reacquire the equipment). That program shall be evaluated in accordance with Topic [606](#) on [revenue](#) from [contracts](#) with customers, specifically the implementation guidance on repurchase agreements in paragraphs [606-10-55-66 through 55-78](#).

For related implementation guidance, see Section [460-10-55](#).

Product Warranties

Overall Guidance

460-10-15-8 The Product Warranties Subsections follow the same Scope and Scope Exceptions as outlined in the General Subsection of this Section, see paragraph [460-10-15-1](#), with specific transaction exceptions noted below.

Transactions

460-10-15-9 The guidance in the Product Warranties Subsections applies only to product [warranties](#), which include all of the following:

- a. Product warranties issued by the guarantor, regardless of whether the guarantor is required to make payment in services or cash
- b. Separately priced extended warranty or product maintenance [contracts](#) and warranties that provide a [customer](#) with a service in addition to the assurance that the product complies with agreed-upon specifications (see paragraphs [606-10-55-30 through 55-35](#) for guidance on determining whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications)
- c. Warranty obligations that are incurred in connection with the sale of the product, that is, obligations in which the customer does not have the option to purchase the warranty separately and that do not provide the customer with a service in addition to the assurance that the product complies with agreed-upon specifications.

Other Considerations

460-10-15-10 The guidance in the General Subsections of Sections [460-10-25](#) and [460-10-30](#) does not apply to guarantee contracts within the scope of the Product Warranties Subsections. Those guarantee contracts are subject, however, to the requirements in the [General Subsection](#) of Section 460-10-50.

460-10-20 - Glossary

General Note: The Master Glossary contains all terms identified as glossary terms throughout the Codification. Clicking on any term in the Master Glossary will display where the term is used. The Master Glossary may contain identical terms with different definitions, some of which may not be appropriate for a particular Subtopic. For any particular Subtopic, users should only use the glossary terms included in the particular Subtopic Glossary Section (Section 20).

Acquiree

The [business](#) or [businesses](#) that the [acquirer](#) obtains control of in a [business combination](#). This term also includes a nonprofit activity or business that a not-for-profit acquirer obtains control of in an [acquisition by a not-for-profit entity](#).

Acquirer

The entity that obtains control of the [acquiree](#). However, in a [business combination](#) in which a [variable interest entity](#) (VIE) is acquired, the primary beneficiary of that entity always is the acquirer.

PENDING CONTENT

Transition Date:  December 16, 2026;  December 16, 2026 - **Transition Guidance :** [805-](#)

[10-65-5](#)

The entity that obtains control of the [acquiree](#). See paragraphs [805-10-25-4 through 25-5](#) for guidance on determining the acquirer.

Acquisition by a Not-for-Profit Entity

A transaction or other event in which a not-for-profit acquirer obtains control of one or more nonprofit activities or businesses and initially recognizes their assets and liabilities in the acquirer's financial statements. When applicable guidance in Topic [805](#) is applied by a [not-for-profit entity](#), the term [business combination](#) has the same meaning as this term has for a for-profit entity. Likewise, a reference to business combinations in guidance that links to Topic [805](#) has the same meaning as a reference to acquisitions by not-for-profit entities.

Business

Paragraphs [805-10-55-3A through 55-6](#) and [805-10-55-8 through 55-9](#) define what is considered a business.

Business Combination

A transaction or other event in which an [acquirer](#) obtains control of one or more [businesses](#). Transactions sometimes referred to as true mergers or mergers of equals also are business combinations. See also [Acquisition by a Not-for-Profit Entity](#).

Commencement Date of the Lease (Commencement Date)

The date on which a [lessor](#) makes an [underlying asset](#) available for use by a [lessee](#). See paragraphs [842-10-55-19 through 55-21](#) for implementation guidance on the commencement date.

Commercial Letter of Credit

A document issued typically by a financial institution on behalf of its customer (the account party) authorizing a third party (the beneficiary), or in special cases the account party, to draw drafts on the institution up to a stipulated amount and with specified terms and conditions; it is a conditional commitment (except if prepaid by the account party) on the part of the institution to provide payment on drafts drawn in accordance with the terms of the document.

Contingency

An existing condition, situation, or set of circumstances involving uncertainty as to possible gain ([gain contingency](#)) or loss ([loss contingency](#)) to an entity that will ultimately be resolved when one or more future events occur or fail to occur.

Contract

An agreement between two or more parties that creates enforceable rights and obligations.

Credit Derivative

A derivative instrument that has both of the following characteristics:

- a. One or more of its underlyings are related to any of the following:
 1. The credit risk of a specified entity (or a group of entities)
 2. An index based on the credit risk of a group of entities.
- b. It exposes the seller to potential loss from credit-risk-related events specified in the contract.

Examples of credit derivatives include, but are not limited to, credit default swaps, credit spread options, and credit index products.

Customer

A party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Direct Guarantee of Indebtedness

An agreement in which a guarantor states that if the debtor fails to make payment to the creditor when due, the guarantor will pay the creditor. If the debtor defaults, the creditor has a direct claim on the guarantor.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an [orderly transaction](#) between [market participants](#) at the measurement date.

Financial Standby Letter of Credit

An irrevocable undertaking (typically by a financial institution) to guarantee payment of a specified financial obligation.

Gain Contingency

An existing condition, situation, or set of circumstances involving uncertainty as to possible gain to an entity that will ultimately be resolved when one or more future events occur or fail to occur.

Indirect Guarantee of Indebtedness

An agreement that obligates the guarantor to transfer funds to a debtor upon the occurrence of specified events, under conditions whereby:

- a. After funds are transferred from the guarantor to the debtor, the funds become legally available to creditors through their claims against the debtor
- b. Those creditors may enforce the debtor's claims against the guarantor under the agreement.

In contrast, with a [direct guarantee of indebtedness](#), if the debtor defaults, the creditor has a direct claim on the guarantor. Examples of indirect guarantees include agreements to advance funds if a debtor's net income, coverage of fixed charges, or working capital falls below a specified minimum.

Lease

A [contract](#), or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Lease Payments

See paragraph [842-10-30-5](#) for what constitutes lease payments from the perspective of a [lessee](#) and a [lessor](#).

Lease Term

The noncancellable period for which a [lessee](#) has the right to use an [underlying asset](#), together with all of the following:

- a. Periods covered by an option to extend the [lease](#) if the lessee is reasonably certain to exercise that option
- b. Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option
- c. Periods covered by an option to extend (or not to terminate) the lease in which exercise of the option is controlled by the [lessor](#).

Legal Entity

Any legal structure used to conduct activities or to hold assets. Some examples of such structures are corporations, partnerships, limited liability companies, grantor trusts, and other trusts.

Lessee

An entity that enters into a [contract](#) to obtain the right to use an [underlying asset](#) for a period of time in exchange for consideration.

Lessor

An entity that enters into a [contract](#) to provide the right to use an [underlying asset](#) for a period of time in exchange for consideration.

Loss Contingency

An existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur. The term loss is used for convenience to include many charges against income that are commonly referred to as expenses and others that are commonly referred to as losses.

Market Participants

Buyers and sellers in the principal (or most advantageous) market for the asset or liability that have all of the following characteristics:

- a. They are independent of each other, that is, they are not [related parties](#), although the price in a related-party transaction may be used as an input to a fair value measurement if the reporting entity has evidence that the transaction was entered into at market terms
- b. They are knowledgeable, having a reasonable understanding about the asset or liability and the transaction using all available information, including information that might be obtained through due diligence efforts that are usual and customary
- c. They are able to enter into a transaction for the asset or liability
- d. They are willing to enter into a transaction for the asset or liability, that is, they are motivated but not forced or otherwise compelled to do so.

Minimum Revenue Guarantee

A guarantee granted to a business or its owners that the revenue of the business (or a specific portion of the business) for a specified period of time will be at least a specified minimum amount.

Not-for-Profit Entity

An entity that possesses the following characteristics, in varying degrees, that distinguish it from a business entity:

- a. Contributions of significant amounts of resources from resource providers who do not expect commensurate or proportionate pecuniary return
- b. Operating purposes other than to provide goods or services at a profit
- c. Absence of ownership interests like those of business entities.

Entities that clearly fall outside this definition include the following:

- a. All investor-owned entities
- b. Entities that provide dividends, lower costs, or other economic benefits directly and proportionately to their owners, members, or participants, such as mutual insurance entities, credit unions, farm and

rural electric cooperatives, and employee benefit plans.

Orderly Transaction

A transaction that assumes exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities; it is not a forced transaction (for example, a forced liquidation or distress sale).

Performance Obligation

A promise in a [contract](#) with a [customer](#) to transfer to the customer either:

- a. A good or service (or a bundle of goods or services) that is distinct
- b. A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Performance Standby Letter of Credit

An irrevocable undertaking by a guarantor to make payments in the event a specified third party fails to perform under a nonfinancial contractual obligation.

Probable

The future event or events are likely to occur.

Registration Payment Arrangement

An arrangement with both of the following characteristics:

- a. It specifies that the issuer will endeavor to do either of the following:
 1. File a registration statement for the resale of specified financial instruments and/or for the resale of equity shares that are issuable upon exercise or conversion of specified financial instruments and for that registration statement to be declared effective by the U.S. Securities and Exchange Commission (SEC) (or other applicable securities regulator if the registration statement will be filed in a foreign jurisdiction) within a specified grace period
 2. Maintain the effectiveness of the registration statement for a specified period of time (or in perpetuity).
- b. It requires the issuer to transfer consideration to the counterparty if the registration statement for the resale of the financial instrument or instruments subject to the arrangement is not declared effective or if effectiveness of the registration statement is not maintained. That consideration may be payable in a lump sum or it may be payable periodically, and the form of the consideration may vary. For example, the consideration may be in the form of cash, equity instruments, or adjustments to the terms of the financial instrument or instruments that are subject to the registration payment arrangement (such as an increased interest rate on a debt instrument).

Reinsurance

A transaction in which a reinsurer (assuming entity), for a consideration (premium), assumes all or part of a risk undertaken originally by another insurer (ceding entity). For indemnity reinsurance, the legal rights of the insured are not affected by the reinsurance transaction and the insurance entity issuing the insurance contract remains liable to the insured for payment of policy benefits. Assumption or novation reinsurance contracts that are legal replacements of one insurer by another extinguish the ceding entity's liability to the policyholder.

Related Parties

Related parties include:

- a. Affiliates of the entity
- b. Entities for which investments in their equity securities would be required, absent the election of the fair value option under the [Fair Value Option Subsection](#) of Section 825-10-15, to be accounted for by the equity method by the investing entity
- c. Trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
- d. Principal owners of the entity and members of their immediate families
- e. Management of the entity and members of their immediate families
- f. Other parties with which the entity may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests
- g. Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

Revenue

Inflows or other enhancements of assets of an entity or settlements of its liabilities (or a combination of both) from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations.

Take-or-Pay Contract

An agreement between a purchaser and a seller that provides for the purchaser to pay specified amounts periodically in return for products or services. The purchaser must make specified minimum payments even if it does not take delivery of the contracted products or services.

Underlying

A specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, or other variable (including the occurrence or nonoccurrence of a specified event such as a scheduled payment under a contract). An underlying may be a price or rate of an asset or liability but is not the asset or liability itself. An underlying is a variable that, along with either a notional amount or a payment provision, determines the settlement of a derivative instrument.

Underlying Asset

An asset that is the subject of a [lease](#) for which a right to use that asset has been conveyed to a [lessee](#). The underlying asset could be a physically distinct portion of a single asset.

Variable Interest Entity

A [legal entity](#) subject to consolidation according to the provisions of the Variable Interest Entities Subsections of Subtopic [810-10](#).

Variable Lease Payments

Payments made by a [lessee](#) to a [lessor](#) for the right to use an [underlying asset](#) that vary because of changes in facts or circumstances occurring after the [commencement date](#), other than the passage of time.

Warranty

A guarantee for which the underlying is related to the performance (regarding function, not price) of

nonfinancial assets that are owned by the guaranteed party. The obligation may be incurred in connection with the sale of goods or services; if so, it may require further performance by the seller after the sale has taken place.

Weather Derivative

A forward-based or option-based contract for which settlement is based on a climatic or geological variable. One example of such a variable is the occurrence or nonoccurrence of a specified amount of snow at a specified location within a specified period of time.

460-10-25 - Recognition

General Note: The Recognition Section provides guidance on the required criteria, timing, and location (within the financial statements) for recording a particular item in the financial statements. Disclosure is not recognition.

General Note for Fair Value Option: Some of the items subject to the guidance in this Subtopic may qualify for application of the Fair Value Option Subsections of Subtopic [825-10](#). Those Subsections (see paragraph [825-10-05-5](#)) address circumstances in which entities may choose, at specified election dates, to measure eligible items at fair value (the fair value option). See Section [825-10-15](#) for guidance on the scope of the Fair Value Option Subsections of the Financial Instruments Topic.

General

460-10-25-1 The following types of guarantees are not subject to the recognition provisions of this Subsection:

- a. A guarantee that is accounted for as a derivative instrument at fair value under Topic [815](#).
- b. A product [warranty](#) or other guarantee for which the [underlying](#) is related to the performance (regarding function, not price) of nonfinancial assets that are owned by the guaranteed party (see paragraph [460-10-15-9](#) for related guidance).
- c. A guarantee issued in a business combination or an [acquisition by a not-for-profit entity](#) that represents contingent consideration (as addressed in Subtopics [805-30](#) and [958-805](#)).
- d. A guarantee for which the guarantor's obligation would be reported as an equity item rather than a liability under generally accepted accounting principles (GAAP) (see Topics [480](#) and [505](#)).
- e. A guarantee by an original [lessee](#) that has become secondarily liable under a new [lease](#) that relieved the original lessee from being the primary obligor (that is, principal debtor) under the original lease, as discussed in paragraph [842-20-40-3](#). This exception shall not be applied by analogy to other secondary obligations.
- f. A guarantee issued either between parents and their subsidiaries or between corporations under common control.
- g. A parent's guarantee of its subsidiary's debt to a third party (whether the parent is a corporation or an individual).
- h. A subsidiary's guarantee of the debt owed to a third party by either its parent or another subsidiary of that parent.

460-10-25-2 The issuance of a guarantee obligates the guarantor (the issuer) in two respects:

- a. The guarantor undertakes an obligation to stand ready to perform over the term of the guarantee in the event that the specified triggering events or conditions occur (the noncontingent aspect).

- b. The guarantor undertakes a contingent obligation to make future payments if those triggering events or conditions occur (the contingent aspect).

For guarantees that are not within the scope of Subtopic [326-20](#) on financial instruments measured at amortized cost, no bifurcation and no separate accounting for the contingent and noncontingent aspects of the guarantee are required by this Topic. For guarantees that are within the scope of Subtopic [326-20](#), the expected credit losses (the contingent aspect) shall be measured and accounted for in addition to and separately from the fair value of the guarantee (the noncontingent aspect) in accordance with paragraph [460-10-30-5](#).

- 460-10-25-3 Because the issuance of a guarantee imposes a noncontingent obligation to stand ready to perform in the event that the specified triggering events or conditions occur, the provisions of Section [450-20-25](#) regarding a guarantor's contingent obligation under a guarantee should not be interpreted as prohibiting a guarantor from initially recognizing a liability for a guarantee even though it is not [probable](#) that payments will be required under that guarantee. Similarly, for guarantees within the scope of Subtopic [326-20](#), the requirement to measure a guarantor's expected credit loss on the guarantee should not be interpreted as prohibiting a guarantor from initially recognizing a liability for the noncontingent aspect of a guarantee.
- 460-10-25-4 At the inception of a guarantee, a guarantor shall recognize in its statement of financial position a liability for that guarantee. This Subsection does not prescribe a specific account for the guarantor's offsetting entry when it recognizes a liability at the inception of a guarantee. That offsetting entry depends on the circumstances in which the guarantee was issued. See paragraph [460-10-55-23](#) for implementation guidance.

Product Warranties

Warranty Obligations Incurred in Connection with the Sale of Goods or Services

- 460-10-25-5 Because of the uncertainty surrounding claims that may be made under warranties, [warranty](#) obligations fall within the definition of a [contingency](#). Losses from warranty obligations shall be accrued when the conditions in paragraph [450-20-25-2](#) are met.
- 460-10-25-6 The condition in paragraph [450-20-25-2\(a\)](#) is met at the date of an entity's financial statements if, based on available information, it is [probable](#) that customers will make claims under warranties relating to goods or services that have been sold. Satisfaction of the condition in paragraph [450-20-25-2\(b\)](#) will normally depend on the experience of an entity or other information. In the case of an entity that has no experience of its own, reference to the experience of other entities in the same business may be appropriate. Inability to make a reasonable estimate of the amount of a warranty obligation at the time of sale because of significant uncertainty about possible claims (that is, failure to satisfy condition [b] in that paragraph) precludes accrual and, if the range of possible loss is wide, may raise a question about whether a sale should be recorded before expiration of the warranty period or until sufficient experience has been gained to permit a reasonable estimate of the obligation.
- 460-10-25-7 The conditions in paragraph [450-20-25-2](#) may be considered in relation to individual sales made with warranties or in relation to groups of similar types of sales made with warranties. If those conditions are met, accrual shall be made even though the particular parties that will make claims under warranties may not be identifiable.

Separately Priced Extended Warranty or Product Maintenance Contracts

- 460-10-25-8 Topic [606](#) on [revenue](#) from [contracts](#) with [customers](#), and specifically the guidance on warranties in paragraphs [606-10-55-30 through 55-35](#), provide guidance on revenue recognition by sellers of extended warranty or product maintenance contracts and warranties that provide a customer with a service in addition to the assurance that the product complies with agreed-upon specifications.
- 460-10-25-8A Paragraph [605-20-25-6](#) provides guidance on recognizing a loss on separately priced extended warranty and product maintenance contracts.

460-10-30 - Initial Measurement

General Note: The Initial Measurement Section provides guidance on the criteria and amounts used to measure a particular item at the date of initial recognition.

General

460-10-30-1 The types of guarantees identified in paragraph [460-10-25-1](#) are not subject to the initial measurement provisions of this Subsection.

Fair Value Objective

460-10-30-2 Except as indicated in paragraphs [460-10-30-3 through 30-5](#), the objective of the initial measurement of a guarantee liability is the fair value of the guarantee at its inception. For example:

- a. If a guarantee is issued in a standalone arm's-length transaction with an unrelated party, the liability recognized at the inception of the guarantee shall be the premium received or receivable by the guarantor as a practical expedient.
- b. If a guarantee is issued as part of a transaction with multiple elements with an unrelated party (such as in conjunction with selling an asset), the liability recognized at the inception of the guarantee should be an estimate of the guarantee's fair value. In that circumstance, a guarantor shall consider what premium would be required by the guarantor to issue the same guarantee in a standalone arm's-length transaction with an unrelated party as a practical expedient.
- c. If a guarantee is issued as a contribution to an unrelated party, the liability recognized at the inception of the guarantee shall be measured at its fair value, consistent with the requirement to measure the contribution made at fair value, as prescribed in Section [720-25-30](#). For related implementation guidance, see paragraph [460-10-55-14](#).

Guarantees Not within the Scope of Subtopic 326-20

460-10-30-3 In the event that, at the inception of the guarantee, the guarantor is required to recognize a liability under Section [450-20-25](#) for the related contingent loss, the liability to be initially recognized for that guarantee shall be the greater of the following:

- a. The amount that satisfies the fair value objective as discussed in the preceding paragraph
- b. The contingent liability amount required to be recognized at inception of the guarantee by Section [450-20-30](#).

460-10-30-4 For many guarantors, it would be unusual at the inception of the guarantee for the contingent liability amount under (b) in the preceding paragraph to exceed the amount that satisfies the fair value objective under (a) in the preceding paragraph. An example of that unusual circumstance is a guarantee for which, at inception, there is a high ([probable](#)) likelihood that the guarantor will be required to pay the maximum potential settlement at the end of the six-month term and a low likelihood that the guarantor will not be required to make any payment at the end of the six-month term. The amount that satisfies the fair value objective would include consideration of the low likelihood that no payment will be required, but the accrual of the contingent loss under Section [450-20-30](#) would be based solely on the best estimate of the settlement amount whose payment is probable (the maximum potential settlement amount in this case). This example is considered to be an unusual circumstance because of the high likelihood at inception that the maximum potential settlement amount will be paid, resulting in a substantial initial fair value for that guarantee. Another example in which the contingent liability amount required to be recognized under (b) in the preceding paragraph exceeds the fair value at inception under (a) in the preceding paragraph would involve an undiscounted accrual under Subtopic [450-20](#) for a guarantee

payment that is expected to occur many years in the future.

Guarantees within the Scope of Subtopic 326-20

460-10-30-5 At the inception of a guarantee within the scope of Subtopic [326-20](#) on financial instruments measured at amortized cost, the guarantor is required to recognize both of the following as liabilities:

- a. The amount that satisfies the fair value objective in accordance with paragraph [460-10-30-2](#)
- b. The contingent liability related to the expected credit loss for the guarantee measured under Subtopic [326-20](#).

460-10-35 - Subsequent Measurement

General Note: The Subsequent Measurement Section provides guidance on an entity's subsequent measurement and subsequent recognition of an item. Situations that may result in subsequent changes to carrying amount include impairment, credit losses, fair value adjustments, depreciation and amortization, and so forth.

General

460-10-35-1 This Subsection does not describe in detail how the guarantor's liability for its obligations under the guarantee would be measured after its initial recognition. The liability that the guarantor initially recognized under paragraph [460-10-25-4](#) would typically be reduced (by a credit to earnings) as the guarantor is released from risk under the guarantee.

460-10-35-2 Depending on the nature of the guarantee, the guarantor's release from risk has typically been recognized over the term of the guarantee using one of the following three methods:

- a. Only upon either expiration or settlement of the guarantee
- b. By a systematic and rational amortization method
- c. As the fair value of the guarantee changes.

Although those three methods are currently being used in practice for subsequent accounting, this Subsection does not provide comprehensive guidance regarding the circumstances in which each of those methods would be appropriate. A guarantor is not free to choose any of the three methods in deciding how the liability for its obligations under the guarantee is measured subsequent to the initial recognition of that liability. A guarantor shall not use fair value in subsequently accounting for the liability for its obligations under a previously issued guarantee unless the use of that method can be justified under generally accepted accounting principles (GAAP). For example, fair value is used to subsequently measure guarantees accounted for as derivative instruments under Topic [815](#).

460-10-35-3 [Paragraph superseded by Accounting Standards Update No. 2016-13](#)

460-10-35-4 The discussion in paragraph [460-10-35-2](#) about how a guarantor typically reduces the liability that it initially recognized does not encompass the recognition and subsequent adjustment of the contingent liability related to the contingent loss for the guarantee. The contingent aspect of the guarantee shall be accounted for in accordance with Subtopic [450-20](#) unless the guarantee is accounted for as a derivative instrument under Topic [815](#) or the guarantee is within the scope of Subtopic [326-20](#) on financial instruments measured at amortized cost. For guarantees within the scope of Subtopic [326-20](#), the expected credit losses (the contingent aspect) of the guarantee shall be accounted for in accordance with that Subtopic in addition to and separately from the fair value of the guarantee liability (the noncontingent aspect) accounted for in accordance with paragraph [460-10-30-5](#).

460-10-45 - Other Presentation Matters

General Note: The Other Presentation Matters Section provides guidance on other presentation matters not

addressed in the Recognition, Initial Measurement, Subsequent Measurement, and Derecognition Sections. Other presentation matters may include items such as current or long-term balance sheet classification, cash flow presentation, earnings per share matters, and so forth. The FASB Codification also contains Presentation Topics, which provide guidance for general presentation and display items. See those Topics for general guidance.

General

- 460-10-45-1 Paragraph [326-20-45-2](#) states that an accrual for credit loss on a financial instrument with off-balance-sheet risk (including financial guarantees and [financial standby letters of credit](#)) shall be a liability that is recorded separate from a valuation account related to a recognized financial instrument.

460-10-50 - Disclosure

General Note: The Disclosure Section provides guidance regarding the disclosure in the notes to financial statements. In some cases, disclosure may relate to disclosure on the face of the financial statements.

General

Information about Each Guarantee or Group of Similar Guarantees

Loss Contingencies

- 460-10-50-1 The requirements in paragraphs [460-10-50-2 through 50-4](#) apply to guarantees, including guarantees that are outside the scope of paragraph [460-10-15-4](#) ; however, they do not apply to guarantees described in paragraph [460-10-15-7](#).
- 460-10-50-2 An entity shall disclose certain [loss contingencies](#) even though the possibility of loss may be remote. The common characteristic of those contingencies is a guarantee that provides a right to proceed against an outside party in the event that the guarantor is called on to satisfy the guarantee. Examples include the following:
- a. Guarantees of indebtedness of others, including [indirect guarantees of indebtedness](#) of others
 - b. Obligations of commercial banks under standby letters of credit
 - c. Guarantees to repurchase receivables (or, in some cases, to repurchase the related property) that have been sold or otherwise assigned
 - d. Other agreements that in substance have the same guarantee characteristic.
- 460-10-50-3 The disclosure shall include the nature and amount of the guarantee. Consideration should be given to disclosing, if estimable, the value of any recovery that could be expected to result, such as from the guarantor's right to proceed against an outside party.

Disclosures about a Guarantor's Obligation

- 460-10-50-4 A guarantor shall disclose all of the following information about each guarantee, or each group of similar guarantees, even if the likelihood of the guarantor's having to make any payments under the guarantee is remote:
- a. The nature of the guarantee, including all of the following:
 - 1. The approximate term of the guarantee
 - 2. How the guarantee arose
 - 3. The events or circumstances that would require the guarantor to perform under the guarantee
 - 4. The current status (that is, as of the date of the statement of financial position) of the payment/performance risk of the guarantee (for example, the current status of the payment/performance risk of a credit-risk-related guarantee could be

based on either recently issued external credit ratings or current internal groupings used by the guarantor to manage its risk)

5. If the entity uses internal groupings for purposes of item (a)(4), how those groupings are determined and used for managing risk.
-
- b. All of the following information about the maximum potential amount of future payments under the guarantee:
 1. The maximum potential amount of future payments (undiscounted) that the guarantor could be required to make under the guarantee, which shall not be reduced by the effect of any amounts that may possibly be recovered under recourse or collateralization provisions in the guarantee (which are addressed under (d) and (e))
 2. If the terms of the guarantee provide for no limitation to the maximum potential future payments under the guarantee, that fact
 3. If the guarantor is unable to develop an estimate of the maximum potential amount of future payments under its guarantee, the reasons why it cannot estimate the maximum potential amount.
 - c. The current carrying amount of the liability, if any, for the guarantor's obligations under the guarantee (including the amount, if any, recognized under [Section 450-20-30](#) or Subtopic [326-20](#) on financial instruments measured at amortized cost), regardless of whether the guarantee is freestanding or embedded in another contract
 - d. The nature of any recourse provisions that would enable the guarantor to recover from third parties any of the amounts paid under the guarantee
 - e. The nature of any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee
 - f. If estimable, the approximate extent to which the proceeds from liquidation of assets held either as collateral or by third parties would be expected to cover the maximum potential amount of future payments under the guarantee.

See the [Product Warranties Subsection](#) of Section 460-10-50 for an exception to the requirements of (b).

Effect of the Guarantee Disclosure Requirements on the Disclosure Requirements of Other Topics

460-10-50-5 The disclosures required by this Subsection do not eliminate or affect the following disclosure requirements:

- a. The requirements in the [General Subsection](#) of Section 825-10-50 that certain entities disclose the fair value of their financial guarantees issued
- b. The requirements in paragraphs [450-20-50-3 through 50-4](#) that an entity disclose a contingent loss that has a reasonable possibility of occurring
- c. The requirements in the Disclosure Sections of Topic [815](#), which apply to guarantees that are accounted for as derivatives
- d. The requirements in Section [275-10-50](#) that an entity disclose information about risks and uncertainties that could significantly affect the amounts reported in the financial statements in the near term. See Example 1 (paragraph [460-10-55-25](#)) for an illustration of the required disclosure.

- e. The requirements in Section [326-20-50](#) that an entity disclose information on the measurement of credit loss.

460-10-50-6 Some guarantees are issued to benefit entities that are [related parties](#) such as joint ventures, equity method investees, and certain entities for which the controlling financial interest cannot be assessed by analyzing voting interests. In those cases, the disclosures required by this Topic are incremental to the disclosures required by Topic [850](#).

Product Warranties

460-10-50-7 Paragraph [460-10-25-6](#) states that an inability to make a reasonable estimate of the amount of a [warranty](#) obligation at the time of sale because of significant uncertainty about possible claims precludes accrual. That paragraph also addresses related implications. Paragraphs [450-20-50-3 through 50-6](#) provide disclosure guidance for circumstances in which no accrual is made for a [loss contingency](#). In those circumstances, the disclosures required by that paragraph shall be made.

460-10-50-8 A guarantor shall disclose all of the following information for product warranties and other guarantee contracts described in paragraph [460-10-15-9](#):

- a. The information required to be disclosed by paragraph [460-10-50-4](#) except that a guarantor is not required to disclose the maximum potential amount of future payments specified in paragraph [460-10-50-4\(b\)](#)
- b. The guarantor's accounting policy and methodology used in determining its liability for product warranties
- c. A tabular reconciliation of the changes in the guarantor's aggregate product warranty liability for the reporting period. That reconciliation shall include all of the following amounts:
 1. The beginning balance of the aggregate product warranty liability
 2. The aggregate reductions in that liability for payments made (in cash or in kind) under the warranty
 3. The aggregate changes in the liability for accruals related to product warranties issued during the reporting period
 4. The aggregate changes in the liability for accruals related to preexisting warranties (including adjustments related to changes in estimates)
 5. The ending balance of the aggregate product warranty liability.



PENDING CONTENT

Transition Date: December 16, 2026; December 16, 2026 - **Transition**

Guidance : [220-40-65-1](#)

A guarantor shall disclose all of the following information for product warranties and other guarantee contracts described in paragraph [460-10-15-9](#):

- a. The information required to be disclosed by paragraph [460-10-50-4](#) except that a guarantor is not required to disclose the maximum potential amount of future payments specified in paragraph [460-10-50-4\(b\)](#)
- b. The guarantor's accounting policy and methodology used in determining its liability for product warranties
- c. A tabular reconciliation of the changes in the guarantor's aggregate product warranty liability for the reporting period. That reconciliation shall include all of the

following amounts:

1. The beginning balance of the aggregate product warranty liability
2. The aggregate reductions in that liability for payments made (in cash or in kind) under the warranty
3. The aggregate changes in the liability for accruals related to product warranties issued during the reporting period
4. The aggregate changes in the liability for accruals related to preexisting warranties (including adjustments related to changes in estimates)
5. The ending balance of the aggregate product warranty liability.

See paragraphs [220-40-50-21 through 50-25](#) for additional disclosure requirements.

460-10-55 - Implementation Guidance and Illustrations

General Note: The Implementation Guidance and Illustrations Section contains implementation guidance and illustrations that are an integral part of the Subtopic. The implementation guidance and illustrations do not address all possible variations. Users must consider carefully the actual facts and circumstances in relation to the requirements of the Subtopic.

General

Implementation Guidance

Scope Guidance-Guarantees Within the Scope of this Topic

460-10-55-1 The implementation guidance for guarantees within the scope of this Topic is organized as follows:

- a. Financial guarantees, which contains scope guidance for paragraph [460-10-15-4\(a\)](#)
- b. Performance guarantees, which contains scope guidance for paragraph [460-10-15-4\(b\)](#)
- c. Indemnifications, which contains scope guidance for paragraph [460-10-15-4\(c\)](#)
- d. [Indirect guarantees of the indebtedness](#) of others, which contains scope guidance for paragraph [460-10-15-4\(d\)](#).

The lists that follow are not intended to be all-inclusive.

Financial Guarantees

460-10-55-2 The following are examples of contracts of the type described in paragraph [460-10-15-4\(a\)](#):

- a. A [financial standby letter of credit](#)
- b. A market value guarantee on either a financial asset (such as a security) or a nonfinancial asset owned by the guaranteed party
- c. A guarantee of the market price of the common stock of the guaranteed party
- d. A guarantee of the collection of the scheduled contractual cash flows from individual financial assets held by a special-purpose entity
- e. A guarantee granted to a business or its owner(s) that the revenue of the business (or a specific portion of the business) for a specified period of time will be at least a specified amount.

Option-Based Contracts

- 460-10-55-3 Option-based contracts in which any net potential contingent payment can flow only from the guarantor to the guaranteed party may meet one of the characteristics in paragraph [460-10-15-4](#) and be included in the scope of this Topic. (Some guarantees obligate the guaranteed party to pay all or a portion of the premium to the guarantor at a later date; those premium payments are not contingent payments as discussed in the previous sentence.)
- 460-10-55-4 A put option is a market value guarantee because it gives the holder the right to sell a specified quantity of an asset related to the [underlying](#) to the writer of the option at a specified price (strike price) up to the expiration date. For example, paragraphs [860-20-55-20 through 55-23](#) address the interaction of various Subtopics (including this Subtopic) in accounting for transactions that involve sale of a marketable security to a third-party buyer, with the buyer's having an option to put the security back to the seller at a specified future date or dates for a fixed price.
- 460-10-55-5 Paragraph [460-10-15-4\(a\)](#) states that the provisions of this Topic apply to a guarantee contract that contingently requires a guarantor to make payments to a guaranteed party based on changes in an underlying that is related to an asset, a liability, or an equity security of the guaranteed party. This paragraph addresses whether the characteristic in paragraph 460-10-15-4(a) is met for a put option written by a guarantor that did not know whether the guaranteed party had an asset or liability related to the underlying described in paragraph 460-10-15-4(a). If, upon exercise, the put option requires gross settlement and the asset to be delivered under gross settlement is related to the underlying described in paragraph 460-10-15-4(a), characteristic (a) in paragraph 460-10-15-4 shall be considered to be met.
- 460-10-55-6 For example, if an investor entered into two separate contracts—a nonputtable bond and a freestanding put option contract that can be settled only by delivery of the bond—and was accounting for those contracts separately, that freestanding put option contract would be a guarantee that meets the characteristic in paragraph [460-10-15-4\(a\)](#).
- 460-10-55-7 In contrast, if a put option permits or requires net settlement, the guarantor must consider its business relationship with the guaranteed party and the other circumstances involved in the issuance of the put option in deciding whether it is [probable](#) that the guaranteed party has, on or about the date of the put option's issuance, an asset or liability related to the underlying described in paragraph [460-10-15-4\(a\)](#). If the guarantor has no basis for concluding that it is probable that the guaranteed party has that asset or liability, the characteristic in that paragraph would not be met for that written put option and it would not be within the scope of this Topic.
- 460-10-55-8 For a put option that permits or requires net settlement and for which the characteristic in paragraph [460-10-15-4\(a\)](#) is considered to be met at inception, the guarantor shall continue complying with the disclosure requirements of the [General Subsection](#) of Section 460-10-50 over the term of the put option without an ongoing assessment of whether the guaranteed party continues to have the related asset or liability over that period.

Contingent Forward Contracts

- 460-10-55-9 Contingent forward contracts may meet one of the characteristics in paragraph [460-10-15-4](#) and be included in the scope of this Topic. A freestanding put option contract that can be settled only by delivery of the asset related to the underlying could be viewed as a contingent forward contract.

Minimum Revenue Guarantees

- 460-10-55-10 An example of the type of guarantee described in paragraph [460-10-55-2\(e\)](#) is a [minimum revenue guarantee](#) granted to a new day-care center by a corporation as an incentive for the center to locate near the corporation's main plant. The corporation, as the guarantor, has agreed to make monthly payments to the day-care center (the guaranteed party)

over a specified term for any shortfall from the guaranteed minimum amount of revenue for each month.

- 460-10-55-11 Another example is a guarantee granted to a nonemployee physician by a not-for-profit health care facility that has recruited the physician to move to the facility's geographical area to establish a practice. The health care facility, as the guarantor, has agreed to make payments to the newly arrived physician (the guaranteed party) at the end of specific periods of time if the gross revenues (gross receipts) generated by the physician's new practice during that period of time do not equal or exceed a specific dollar amount. This Topic applies to minimum revenue guarantees granted to physicians regardless of whether the physician's practice qualifies as a [business](#).

Performance Guarantees

- 460-10-55-12 The following are examples of contracts of the type described in paragraph [460-10-15-4\(b\)](#):
- a. [Performance standby letters of credit](#)
 - b. Bid bonds
 - c. Performance bonds
 - d. Other contracts that are similar to performance standby letters of credit.

Indemnifications

- 460-10-55-13 The following are examples of contracts of the type described in paragraph [460-10-15-4\(c\)](#):
- a. An indemnification agreement (contract) that contingently requires the indemnifying party (guarantor) to make payments to the indemnified party (guaranteed party) based on an adverse judgment in a lawsuit or the imposition of additional taxes due to either a change in the tax law or an adverse interpretation of the tax law.
 - b. A lessee's indemnification of the lessor for any adverse tax consequences that may arise from a change in the tax laws, because only a legislative body can change the tax laws, and the lessee therefore has no control over whether payments will be required under that indemnification. In contrast, as discussed in paragraph [460-10-55-18\(a\)](#), when a lessee indemnifies a lessor against adverse tax consequences that may arise from acts, omissions, and misrepresentations of the lessee, that indemnification is outside the scope of this Topic because the lessee is, in effect, guaranteeing its own future performance.
 - c. A seller's indemnification against additional income taxes due for years before a business combination, because the indemnification relates to the seller-guarantor's past performance, not its future performance.

Indirect Guarantees of the Indebtedness of Others

- 460-10-55-14 The following is an example of a contract of the type described in paragraph [460-10-15-4\(d\)](#).
- 460-10-55-15 A community foundation has a loan guarantee program to assist not-for-profit entities (NFPs) in obtaining bank financing at a reasonable cost. Under that program, the community foundation issues a guarantee of an NFP's bank debt. That guarantee is within the scope of this Topic, and on the issuance of the guarantee, the community foundation would recognize a liability for the [fair value](#) of that guarantee. The issuance of that guarantee would not be considered merely a conditional promise to give under paragraphs [958-605-25-11 through 25-13](#) because, upon the issuance of the guarantee, the NFP will have received the gift of the community foundation's credit support. That credit support enables the NFP to obtain a lower interest rate on its borrowing.

Scope Guidance-Guarantees outside the Scope of This Topic Entirely

Not of the Types Described

460-10-55-16 The following are examples of contracts that are outside the scope of this Topic because they are not of any of the types described in paragraph [460-10-15-4](#):

- a. [Commercial letters of credit](#) and other loan commitments, which are commonly thought of as guarantees of funding, are not included in the scope of this Topic because those instruments do not guarantee payment of a money obligation and do not provide for payment in the event of default by the account party.
- b. A noncontingent forward contract for which net settlement could involve a net settlement payment from either party is not included in the scope of this Topic. However, as discussed in paragraph [460-10-55-9](#), a contingent forward contract may meet one of the characteristics in paragraph [460-10-15-4](#) and be included in the scope of this Topic.
- c. A guarantee provision in a financial instrument that is commonly thought of as a market value guarantee of the other terms of that same financial instrument is not within the scope of this Topic unless that guarantee provision is accounted for separately as a derivative under Topic [815](#) (see paragraph [460-10-25-1\(a\)](#)). For example, a put option that is embedded in a puttable bond (but is not accounted for separately as a derivative) could be viewed by the investor (the guaranteed party) as a guarantee against the fair value of the remaining instrument (a bond absent the put option) declining below the put price. The embedded put option does not meet the characteristic in paragraph [460-10-15-4\(a\)](#) because the guaranteed party's asset is an investment in the entire contract, a puttable bond, and not an investment in a nonputtable bond. However, as noted in paragraph [460-10-55-6](#), if the investor purchased a freestanding put option on a nonputtable bond and accounted for them separately, that guarantee would be within the scope of this Topic.
- d. An arrangement, such as a securitization, that involves the subordination of the rights of some investors (or creditors) to the rights of others is commonly thought of as a guarantee issued by the subordinated investors. For example, the investors in one (subordinated) class or tranche of an entity's securities might not receive any cash flows until the investors in another (priority) class or tranche are fully paid. Although that type of subordination provides credit protection by the subordinated investors, it does not meet any of the characteristics in paragraph [460-10-15-4](#) and, thus, is not included in the scope of this Topic.
- e. A written option that does not directly guarantee another entity's performance or the fair value of the guaranteed party's assets (such as a [weather derivative](#)) is not included in the scope of this Topic unless that written option is used as an indirect guarantee of the indebtedness of others.
- f. A [take-or-pay contract](#) is not included in the scope of this Topic because the minimum payments under a take-or-pay contract are not contingent. A take-or-pay contract requires certain minimum payments irrespective of whether the buyer accepts delivery. Even if a take-or-pay contract were analyzed as though it were a guarantee by the buyer to pay for the portion of the minimum quantity of product or output of the guaranteed party for which the buyer refuses to order or accept delivery, a take-or-pay contract would not be included in the scope of this Topic because it would be a guarantee related to the buyer's future performance under the contract. (Take-or-pay contracts are further discussed in the Unconditional Purchase Obligations Subsections of Subtopic [440-10](#).)
- g. A weather derivative is not included in the scope of this Topic because the climatic or geological variable is not an asset or liability of the guaranteed party. The characteristic in paragraph [460-10-15-4\(a\)](#) requires payments to be based on changes in an

underlying that is related only to an asset or liability of the guaranteed party.

Guarantees That Prevent Sale Accounting

460-10-55-17 The following is an example of a contract that is outside the scope of this Topic because it is of the type described in paragraph [460-10-15-7\(g\)](#).

- a. [Subparagraph superseded by Accounting Standards Update No. 2016-02](#).
- b. [Subparagraph superseded by Accounting Standards Update No. 2016-02](#).
- c. A transaction that involves sale of a marketable security to a third-party buyer with the buyer having an option to put the security back to the seller at a specified future date or dates for a fixed price, if the existence of the put option prevents the transferor from accounting for the transaction as a sale, as described in paragraphs [860-20-55-20 through 55-23](#).
- d. [Subparagraph superseded by Accounting Standards Update No. 2016-02](#).
- e. [Subparagraph superseded by Accounting Standards Update No. 2014-09](#).

Guarantees of an Entity's Own Performance

460-10-55-18 The following are examples of contracts that are outside the scope of this Topic because these contracts are of the type described in paragraph [460-10-15-7\(i\)](#):

- a. A lessee will often indemnify a lessor for any adverse tax consequences that may arise from acts, omissions, and misrepresentations of the lessee (for example, using the leased asset outside the United States or subleasing to a tax-exempt entity). The lessee is, in effect, guaranteeing that its own future performance and actions with respect to the lease and the leased property will not result in adverse tax consequences to the lessor. Thus, that lessee's indemnification is not within the scope of this Topic. In contrast, as discussed in paragraph [460-10-55-13\(b\)](#), a guarantee by a lessee regarding the effect of future changes in the tax law on the guaranteed party's tax liability is within the scope of this Topic because the lessee cannot change the tax law (or prevent a change) and thus cannot control whether payments will be required under the guarantee.
- b. An entity's guarantee of its own future performance, such as that entity's completion of a contract by a specified deadline is not within the scope of this Topic.
- c. In consolidated financial statements, a parent's guarantee of a subsidiary's debt to a third party would simply be a guarantee of the consolidated entity's own performance to make the scheduled payments on that consolidated liability, which is not a guarantee within the scope of this Topic for the consolidated reporting entity.

Scope Guidance-Guarantees that Are Not Subject to the General Subsections of the Recognition and Initial Measurement Sections of this Topic

460-10-55-19 The following is an example of a contract that is not subject to the General Subsections of Sections [460-10-25](#) and [460-10-30](#) because it is of one of the types described in paragraph [460-10-25-1](#). The contract is subject to the [General Subsection](#) of Section 460-10-50.

460-10-55-20 If a guarantee contract stipulates that the guarantor's payment, if required, can be in the form of the guarantor's own equity shares at the guarantor's option, that obligation may, depending on the arrangements of the contract, be considered to be equity rather than a liability and, if so, the guarantee contract meets the characteristic in paragraph [460-10-25-1\(d\)](#). To determine if a contract would be considered equity or a liability, see Topic [480](#) and Topic [505](#). See paragraph [460-10-55-24](#) if the guarantor's shares are placed in a trust or in some other similar arrangement to facilitate performance under the guarantee.

Recognition and Measurement Guidance-Overall Guidance

- 460-10-55-21 In many cases, the one-time premium received by a guarantor for issuing a guarantee will be an appropriate practical expedient for the initial measurement of the guarantee obligation (see paragraph [460-10-30-2\[a\]](#)). However, if a one-time premium is specified for a guarantee that is issued in conjunction with another transaction (such as the sale of assets by the guarantor), the specified premium may not be an appropriate initial measurement of the guarantor's liability because the amount specified as being applicable to the guarantee may or may not be its fair value (see paragraph [460-10-30-2\[b\]](#)).
- 460-10-55-22 In accordance with paragraph [460-10-30-2](#), a liability shall be recognized at the inception of the guarantee even if the guarantor does not receive a separately identified premium when it issues the guarantee. For example, in conjunction with the cash sale of equipment to a customer, a manufacturer may issue to its customer's bank a guarantee of the customer's loan for which the proceeds are used to pay for the equipment. There is no separately identified premium for the guarantee, although the sales arrangement may impound an implicit premium. The manufacturer may simply view the guarantee as an accommodation to its customer. The seller-guarantor has incurred an obligation identical to the obligation it would incur if it required its customer to pay an explicit premium for the guarantee. Thus, the seller-guarantor shall immediately recognize a liability for its obligations under a newly issued guarantee, even if a separately identified premium was not received. If an entity guaranteed a customer's bank loan purely as an accommodation to an important longstanding customer, unrelated to a specific transaction, the liability for the entity's obligations under the guarantee should be recognized.
- 460-10-55-23 Although paragraph [460-10-25-4](#) does not prescribe a specific account, the following illustrate a guarantor's offsetting entries when it recognizes the liability at the inception of the guarantee:
- a. If the guarantee were issued in a standalone transaction for a premium, the offsetting entry would be consideration received (such as cash or a receivable).
 - b. If the guarantee were issued in conjunction with the sale of assets, a product, or a business, the overall proceeds (such as the cash received or receivable) would be allocated between the consideration being remitted to the guarantor for issuing the guarantee and the proceeds from the sale. That allocation would affect the calculation of the gain or loss on the sale transaction.
 - c. If the guarantee were issued in conjunction with the formation of a partially owned business or a venture accounted for under the equity method, the recognition of the liability for the guarantee would result in an increase to the carrying amount of the investment.
 - d. [Subparagraph superseded by Accounting Standards Update No. 2016-02.](#)
 - e. If a guarantee were issued to an unrelated party for no consideration on a standalone basis (that is, not in conjunction with any other transaction or ownership relationship), the offsetting entry would be to expense.

Lessee Tax Indemnification

- 460-10-55-23A This implementation guidance addresses the application of this Subtopic to the recognition and initial measurement of a tax indemnification provided by a lessee to a lessor. Paragraph [460-10-25-4](#) requires that the lessee (guarantor) account for a tax indemnification provided to the lessor by recognizing a liability at lease inception (which is also the inception of the indemnification clause). Section [460-10-30](#) requires that the measurement objective of that initial recognition be the fair value of the lessee's obligation under the indemnification agreement.

Recognition and Measurement Guidance-Collateral Arrangements

460-10-55-24 Under some arrangements, a loss under a guarantee is settled by the guarantor's issuing a variable number of its own equity shares. Those arrangements are often called share-trust or share-collateral transactions, whereby some specified number of the guarantor's shares is put in a trust or in some other similar arrangement to facilitate performance under the guarantee. The use of collateral arrangements under that guarantee does not change the accounting for the guarantee; thus, those arrangements are subject to the recognition, measurement, and disclosure requirements of this Topic and Topic [450](#). See paragraph [460-10-55-20](#) for additional scope guidance. Furthermore, those arrangements also could affect the calculation of earnings per share (EPS) under Topic [260](#) and disclosures thereunder.

Illustrations

Example 1: Risks and Uncertainty Disclosure for a Guarantee

460-10-55-25 This Example illustrates the disclosure required by paragraph [275-10-50-15\(j\)](#) of the potential near-term effect of a change in estimate of a contingent liability resulting from the guarantee of the debt of another entity. Entity A's loss of customers causes the potential for a near-term material change in that estimate within the next fiscal year. Although disclosure of Entity A's ongoing efforts to replace those customers is not required, this additional information may be presented.

460-10-55-26 Entity A operates a shipping center in Local City. In 19X0, Entity A decided to raise money for modernization of facilities through a debt offering. In order for the offering to take place, Entity B, a local manufacturer, agreed to guarantee the bonds if Entity A's revenues were insufficient to pay debt service. In May 19X4 (four years later when the bonds had an outstanding balance of \$55 million), Entity A lost two of its major shipping customers, constituting 35 percent of its prior-year revenues, to a competitor in a neighboring port. At Entity B's June 30, 19X4, year end, Entity A was directing substantial efforts toward finding new customers. It is reasonably possible, however, that Entity A will not replace the lost revenue in time to pay debt service installments at December 30, 19X4, and June 30, 19X5, totaling \$6 million.

460-10-55-27 Entity B would make the following disclosure.

In 19X0, Entity B guaranteed the Series AA debt of Entity A, which operates a shipping center within Local City. Entity B continues as guarantor of such debt totaling \$55 million. In May 19X4, Entity A lost two of its major customers. Although Entity A is directing substantial efforts toward obtaining new customers, it is at least reasonably possible that Entity A will not replace lost revenues sufficient to make its December 19X4 and June 19X5 debt service payments totaling \$6 million. If so, Entity B will become responsible for repayment of at least a portion of that amount and possibly additional amounts over the debt term. A liability of \$XX has been reported in Entity B's financial statements pending the outcome of Entity A's efforts during the next fiscal year.

Product Warranties

Implementation Guidance

Performance Warranties

460-10-55-28 A representation by a manufacturer to its customer that a particular engine would produce a specified savings in its energy consumption qualifies for the scope exception in paragraph [460-10-25-1\(b\)](#) because that representation relates to how efficiently the engine operates.

460-10-55-29 In contrast, a service provider's representation as to the quality of its services does not need to qualify for that scope exception because it is a guarantee of the service provider's (guarantor's) future performance and, as such, is excluded from the scope of this Topic by paragraph [460-10-15-7\(i\)](#).

Illustrations

Example 1: Licensee Indemnifications

460-10-55-30 This Example illustrates the application of the scope of this Topic to a licensee indemnification.

460-10-55-31 As an element of its standard commercial terms, a software vendor-licensor includes an indemnification clause in a software licensing agreement that indemnifies the licensee against liability and damages (including legal defense costs) arising from any claims of patent, copyright, trademark, or trade secret infringement by the software vendor's software. That indemnification arrangement constitutes a guarantee that is not subject to the recognition requirements or the initial measurement requirements of the General Subsections of Sections [460-10-25](#) or [460-10-30](#), respectively.

460-10-55-32 That arrangement exhibits the characteristic in paragraph [460-10-15-4\(c\)](#): the indemnification obligates the seller-licensor (guarantor) to make a payment to the buyer-licensee (guaranteed party) based on changes in an [underlying](#) related to the software license (an asset of the guaranteed party). In this situation, the underlying is the occurrence of an infringement claim against the licensee that results in any liabilities or damages related to the licensed software (the asset) of the licensee (the indemnified party).

460-10-55-33 Nonetheless, because a possibility exists, regardless of how remote, that an infringement claim covered by the indemnification could impair the licensee's ability to use the licensed software (for example, if an injunction is issued or the claim is ultimately proven), the underlying is also related to the performance (regarding function, not price) of that licensed software—that is, the licensed software cannot function as intended until the seller-licensor cures the alleged infringement defect. Thus, the arrangement qualifies for the scope exception in paragraph [460-10-25-1\(b\)](#).

460-10-55-34 However, it would be subject to the disclosure requirements of the [General Subsection](#) of Section 460-10-50, as well as the disclosure requirements specified in the [Product Warranties Subsection](#) of that Section.

460-10-60 - Relationships

General Note: The Relationships Section contains links to guidance that may be helpful to, but not required by, a user of the Subtopic. This Section may not be all-inclusive. The relationship items are organized according to the Topic structure in the Codification.

General

Investments-Equity Method and Joint Ventures

460-10-60-1 For guaranteed obligations of an investee that is accounted for using the equity method, see paragraph [323-10-35-20](#).

Other Assets and Deferred Costs

460-10-60-2 For contractual guarantees for reimbursement of design and development costs related to long-term supply arrangements, see paragraph [340-10-25-3](#).

Property, Plant, and Equipment

460-10-60-3 For a seller's guarantee of a return of the buyer's investment in real estate or a seller's guarantee of a return on that investment for an extended period, see Subtopic [842-40](#) for sale and leaseback transactions.

Liabilities

460-10-60-4 For the guarantee obligation that results if a primary debtor becomes secondarily liable upon a release by a creditor, see paragraph [405-20-40-2](#).

Distinguishing Liabilities from Equity

460-10-60-5 For an entity's guarantee of the value of an asset, liability, or equity security of another entity that may require or permit settlement in the entity's equity shares, see paragraph [480-10-55-23](#).

- 460-10-60-6 For a freestanding put option indexed to a subsidiary's equity shares, see paragraphs [480-10-55-53 through 55-58](#).
- 460-10-60-7 For embedded put options indexed to the stock of a consolidated subsidiary, see paragraphs [480-10-55-59 through 55-62](#).
- 460-10-60-8 [Paragraph superseded by Accounting Standards Update No. 2014-09](#).
- 460-10-60-9 [Paragraph superseded by Accounting Standards Update No. 2014-09](#).
- 460-10-60-10 [Paragraph superseded by Accounting Standards Update No. 2014-09](#).

Compensation-Stock Compensation

- 460-10-60-11 For an employer's guarantee of the debt of an employee stock option plan, see paragraph [718-40-25-9](#).

Business Combinations

- 460-10-60-12 For guarantees that represent contingent consideration in a business combination, see Subtopic [805-30](#).

Consolidation

- 460-10-60-13 For guarantees of the value of the assets or liabilities of a variable interest entity (VIE), written put options on the assets of the VIE, or similar obligations, see paragraphs [810-10-55-25 through 55-26](#).
- 460-10-60-14 For freestanding derivative instruments indexed to, and potentially settled in, the stock of a consolidated subsidiary, see paragraphs [815-10-15-77](#) and [810-10-45-16A](#).

Derivatives and Hedging

- 460-10-60-15 For [weather derivatives](#), see Subtopic [815-45](#).

Leases

- 460-10-60-16 For the effect on the [lease term](#) of a provision or condition that in substance is a guarantee of a [lessor's](#) debt or a loan to a lessor by the [lessee](#) that is related to the [underlying asset](#) but is structured in such a manner that it does not represent a direct guarantee or loan, see the definition of lease term.
- 460-10-60-17 For the effects on [lease payments](#) of a guarantee by the lessee of the lessor's debt, see paragraph [842-10-30-6](#).
- 460-10-60-18 For the effects on [lease payments](#) of a guarantee by the lessee of the residual value of the underlying asset at the expiration of the lease term, see paragraphs [842-10-30-5](#) and [842-10-55-34 through 55-36](#).
- 460-10-60-19 [Paragraph superseded by Accounting Standards Update No. 2016-02](#)
- 460-10-60-20 For a determination of whether a residual value guarantee is subject to the requirements of Topic [815](#), see paragraph [842-10-15-43](#).
- 460-10-60-21 For a commitment by a lessor to guarantee performance of the underlying asset in a manner more extensive than a typical product [warranty](#) or to effectively protect the lessee from obsolescence of the underlying asset, see paragraphs [842-10-55-32 through 55-33](#).
- 460-10-60-22 For a manufacturer's guarantee of the resale value of equipment to the purchaser, see paragraphs [842-30-55-1 through 55-15](#).
- 460-10-60-23 For a lessee's indemnification for environmental contamination, see paragraph [842-10-55-15](#).

- 460-10-60-**24** For a guarantee by a lessee of the underlying asset's residual value in a lease transaction, see paragraphs [842-10-30-5](#) and [842-10-55-34 through 55-36](#).
- 460-10-60-**25** [Paragraph superseded by Accounting Standards Update No. 2016-02](#)
- 460-10-60-**26** [Paragraph superseded by Accounting Standards Update No. 2016-02](#)
- 460-10-60-**27** [Paragraph superseded by Accounting Standards Update No. 2016-02](#)
- 460-10-60-**28** [Paragraph superseded by Accounting Standards Update No. 2012-04](#).
- 460-10-60-**29** [Paragraph superseded by Accounting Standards Update No. 2016-02](#)
- 460-10-60-**30** [Paragraph superseded by Accounting Standards Update No. 2016-02](#)
- 460-10-60-**31** [Paragraph superseded by Accounting Standards Update No. 2016-02](#)
- 460-10-60-**32** For a guarantee by the seller-lessee of the underlying asset's residual value in a sale and leaseback transaction, see paragraphs [842-40-55-20 through 55-21](#).
- 460-10-60-**33** [Paragraph superseded by Accounting Standards Update No. 2016-02](#)

Transfers and Servicing

- 460-10-60-**34** [Paragraph superseded by Accounting Standards Update No. 2012-04](#).
- 460-10-60-**35** [Paragraph superseded by Accounting Standards Update No. 2015-10](#).
- 460-10-60-**36** For transactions that involve the sale of a marketable security to a third-party buyer, with the buyer's having an option to put the security back to the seller at a specified future date or dates for a fixed price, see the guidance beginning in paragraph [860-20-55-20](#).
- 460-10-60-**37** For a sale of mortgage servicing rights with a subservicing agreement in which the seller-subservicer directly or indirectly guarantees a yield to the buyer, see paragraphs [860-50-40-7 through 40-9](#).
- 460-10-60-**38** [Paragraph superseded by Accounting Standards Update No. 2014-09](#).

Plan Accounting-Defined Benefit Pension Plans

- 460-10-60-**39** For guaranteed investment contracts held by defined benefit pension plans, see paragraph [960-325-35-3](#).

Real Estate-General

- 460-10-60-**40** For an entity's agreement to either make up shortfalls in the annual debt service requirements or guarantee a tax increment financing entity's debt, see paragraph [970-470-25-3](#).

Product Warranties

Revenue Recognition

- 460-10-60-**41** For recognition of [revenue](#) for a [warranty](#) that is identified as a separate [performance obligation](#), see paragraphs [606-10-55-30 through 55-35](#).

460-10-S00 - Status

General Note: The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates. The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

General

460-10-S00-1 The following table identifies the changes made to this Subtopic.

460-10-S50-1	Added	Accounting Standards Update No. 2020-09	10/22/2020
460-10-S50-2	Added	Accounting Standards Update No. 2020-09	10/22/2020

460-10-S50 - Disclosure

General Note: The Disclosure Section provides guidance regarding the disclosure in the notes to financial statements. In some cases, disclosure may relate to disclosure on the face of the financial statements.

General

Guarantors and Issuers of Guaranteed Securities Registered or Being Registered

460-10-S50-1 See paragraph [470-10-S99-1](#), Regulation S-X Rule 3-10 for requirements applicable to financial statements of guarantors and issuers of guaranteed securities registered or being registered.

460-10-S50-2 See paragraph [470-10-S99-1A](#), Regulation S-X Rule 13-01 for disclosure requirements about guarantors and issuers of guaranteed securities registered or being registered.