

## [Securities Regulation Daily Wrap Up, PUBLIC COMPANY REPORTING AND DISCLOSURE—Commission floats proposal to remove outdated, redundant requirements, \(Jul. 13, 2016\)](#)

Securities Regulation Daily Wrap Up

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As part of its ongoing disclosure effectiveness review efforts, the SEC has unanimously proposed rule amendments to address certain redundant, duplicative, overlapping, outdated, or superseded disclosure requirements. The proposal also seeks comments on certain disclosure requirements that overlap with U.S. GAAP to determine whether to retain, modify, eliminate, or refer them to the Financial Accounting Standards Board (FASB) for potential incorporation into U.S. GAAP.

The [proposal](#) follows the SEC's [concept release](#) in April, which seeks views on what business and financial information should be provided by companies under Regulation S-K. Although the Commission continues to review and evaluate those broader comments, Chair Mary Jo White [said](#) that the current proposal is designed to be a more targeted update to the SEC's disclosure regime. White noted that a range of different stakeholders, including investors and issuers, have expressed support for removing redundancies and outdated disclosure provisions. As a result, the SEC staff has identified a number of areas where disclosure requirements may be duplicative or overlapping or where requirements may have been superseded by previous regulatory changes. The proposal would also implement certain provisions of the Fixing America's Surface Transportation (FAST) Act.

**Disclosure update and simplification.** Although primarily applicable to public companies (including foreign private issuers), the proposal also involves requirements applicable to other SEC-regulated entities, including Regulation A issuers, investment companies, broker-dealers, investment advisers, and nationally recognized statistical rating organizations. Among other things, the proposal addresses:

- Duplicative requirements, which require substantially the same disclosures as U.S. GAAP, International Financial Reporting Standards (IFRS), or other SEC disclosure requirements. The Commission proposes to delete these requirements in light of the requirements elsewhere.
- Overlapping requirements, which are related to, but not the same as U.S. GAAP, IFRS, or other SEC disclosure requirements. For these requirements, the Commission will consider whether to delete them, integrate them with requirements that overlap but require incremental information, or solicit comment on whether to refer them to FASB for potential incorporation into U.S. GAAP.
- Outdated requirements, which have become obsolete as a result of the passage of time or changes in the regulatory, business, or technological environment. The Commission will consider whether to propose to amend these outdated requirements.
- Superseded requirements, which are inconsistent with recent legislation, more recently updated Commission disclosure requirements, or more recently updated U.S. GAAP. The Commission will consider whether to propose to amend these superseded disclosure requirements to reflect the more recently updated requirements.

**Commissioner Stein's comments.** Although voting in favor of its issuance, Commission Kara Stein [questioned](#) whether the proposal will offer a meaningful opportunity for public comment. Noting the document's 500-plus page length, Stein said that the proposal may be framed in such a hypertechnical way that it fails to provide a bona fide opportunity for a wide variety of commenters to truly access and understand what is being proposed.

For example, Stein asked, how can nonexperts compare distinctions between Rule 408(m)(1)(ii) of Regulation SX and Accounting Standards Codification 86030507 without more information? "It is bitterly ironic," she said, "that a release on disclosure effectiveness fails to present information in a clear, concise, and understandable way to the public."

**Comment period.** The public comment period will remain open for 60 days following publication of the proposing release in the *Federal Register*.

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