

SEC Clarifies Effective Date for Disclosure Simplification Rules

September 26, 2018 – Governance & Compliance Insider
by Cam C. Hoang

In August, the SEC [adopted amendments updating and simplifying disclosure rules](#). See our prior summary [here](#). Notable amendments included:

- the extension of a previously annual requirement to interim periods, to present a statement of changes in shareholders' equity and to disclose the amount of dividends per share for *each class* of shares (vs common shares only) (either in a separate statement or a footnote)(revised Rules 8-03(a)(5) and 10-01(a)(7) of Regulation S-X);
- the elimination of requirements to disclose pro forma information on business combinations in quarterly reports on Form 10-Q, because similar disclosure may be found in Form 8-K filings;
- the elimination of requirements in business descriptions to disclose financial information broken out by segment (Item 101(b) of Regulation S-K) and geography (Item 101(d)(2)), risks associated with, and dependence of a segment on, foreign operations (Item 101(d)(3)), and amounts spent on R&D (Item 101(c)(1)), because similar discussions may be found in the financial statement footnotes and/or the MD&A, when material; and
- the elimination of exhibits setting forth the computation of any ratio of earnings to fixed charges disclosed in an SEC report (Items 503(d) and 601(b)(12) of Regulation S-K), because US GAAP already requires the disclosure of components of the ratio.

On www.thecorporatecounsel.net, Broc Romanek had blogged that it was unclear when the new rules become effective. The SEC staff has released [C&DI 105.09](#) confirming that the amendments are effective for all filings made 30 days after publication of the final rule in the Federal Register, which for calendar year-end reporting companies, may include their Form 10-Qs for the third quarter of 2018, if the final rule is published soon. However, in light of the proximity of the anticipated effective date to the filing deadline, the staff will not object if companies first present the statement of changes in shareholders' equity (first bullet above) in the Form 10-Q for the quarter that begins after the effective date, ie, for the first quarter of 2019 for calendar year-end reporting companies.

Related People

- Cam C. Hoang

Related Capabilities

- Corporate Governance & Compliance
- Mergers & Acquisitions
- Government Enforcement & Corporate Investigations