

CorpFin Provides Relief on Effectiveness of “Disclosure Simplification” Rules

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As discussed in more detail in our QuickStudy (available [here](#)), on August 17, 2018 the Securities and Exchange Commission (the “SEC”) adopted numerous amendments to its disclosure requirements that were intended to simplify compliance for issuers by eliminating certain redundant, overlapping, outdated or superseded disclosure requirements (the “Disclosure Simplification Rules”). The Disclosure Simplification Rules become effective 30 days after publication in the Federal Register^[1], but it was unclear whether or not the amendments, when effective, should only apply to periodic reports *covering periods* ending on or after the effective date or to all periodic reports *filed* after the effective date. This is important as the Disclosure Simplification Rules, somewhat ironically, require additional disclosure in Form 10-Q related to changes in stockholders’ equity and dividends, which information was previously only required in Form 10-K. Issuers with a September 30 quarter-end needed to prepare to comply with these additional disclosures without certainty as to whether or not the Disclosure Simplification Rules would actually apply to their third quarter 10-Qs.

On September 25, 2018, the Division of Corporation Finance issued a new compliance and disclosure interpretation (“C&DI”) addressing the effectiveness of the Disclosure Simplification Rules and providing some limited relief with respect to the presentation of changes in stockholders’ equity. In short, the new rules apply to any filing made after the effective date but, with respect to the presentation of changes in stockholders’ equity, the C&DI provides that an issuer can hold off for one more quarter. The full text of C&DI 105.09 is available [here](#).

[1] The rules have not been published in the Federal Register as of the date of this post.

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