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UPDATES TO THE PUBLIC COMPANY DISCLOSURE RULEBOOK

The Securities and Exchange Commission and Congress are taking steps to reduce the burdens and costs of being a public company. In this six-part article, the authors address this effort, describing the state of the SEC, new amendments to simplify disclosure requirements, and proposed rule changes to promote capital raising and increase the number of public companies. The authors then turn to the SEC's requests for comments on possible elimination of quarterly reporting and revisions to the rules governing private capital markets and pending legislation in Congress.

By Hillary H. Holmes and Jordan G. Rex *

The Securities and Exchange Commission and the Congress have recently shown a concerted effort to encourage capital formation and lessen the burden of reporting requirements for both public and private companies. Current SEC Chairman Jay Clayton outlined his views on this point, saying, "[i]t is important for the SEC to review our regulations to ensure that they are consistent with our ever-evolving capital markets."[1] The primary purpose of this article is to provide an overview of the SEC's recent efforts to follow through with that statement.[2]

Part I of this article begins by providing an overview of the current state of the SEC, including a brief discussion of the current SEC commissioners and the political climate surrounding the recent activity. Part II considers new amendments that simplify certain disclosure requirements found in Regulation S-K and Regulation S-X, as well as other rules and forms. Part III outlines the SEC's new and expanded definition of a "smaller reporting company" (or "SRC"), which is expected to include almost half of all public companies. Part IV follows with a discussion of amendments to Rule 701 of the Securities Act of 1933, which permit more public companies to issue equity-based compensation without disclosing it to investors. Part V reviews the SEC's pending requests for public comment, including the possible elimination of quarterly reporting. Part VI concludes with a discussion of the proposed legislation called the JOBS and Investor Confidence Act of 2018 and other proposed bills. Each part will be addressed in turn.

[1] Jay Clayton, *Remarks on Capital Formation at the Nashville 36/86 Entrepreneurship Festival*, August 29, 2018, *available at* https://www.sec.gov/news/speech/speech-clayton-082918.

[2] This article is current as of July 31, 2019.

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IN THIS ISSUE