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Can you design better compensation disclosure? The SEC wants your thoughts on S-K Item 402 – and the rest of Subpart 400

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by Kimberley R. Anderson

As part of its Disclosure Effectiveness Initiative, the SEC has previously requested comments on parts of Regulation S-K and Regulation S-X. On August 25th, the SEC requested comment on Subpart 400 of Regulation S-K. Subpart 400 covers a lot of territory, including disclosure requirements on management, compensation and corporate governance. The Fixing America's Surface Transportation Act (FAST Act) required the SEC to review Regulation S-K to: modernize and simplify the requirements (while retaining all material information), emphasize a company-by-company approach (to avoid boilerplate language while preserving comparability of information across registrants) and evaluate information delivery and discourage repetition and the disclosure of immaterial information. That is a tall order.

The SEC is seeking comment on existing requirements or additional disclosure that would aid investors. The request for comment can be found here, and the comment period is open for 60 days from the date of publication in the Federal Register.

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