

SEC Reminds Companies of Disclosure Obligations Relating to Coronavirus

March 10, 2020 – Cross-Border Counselor

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In connection with the order issued by the Securities and Exchange Commission on March 4 providing filing relief for companies that are affected by the coronavirus, the Commission reminded *all* companies to be vigilant regarding their disclosure obligations related to the evolving coronavirus scenario. A company's assessment of, and plans for addressing, material risks to its business and operations resulting from the coronavirus can be material to investors, and companies are encouraged, to the fullest extent practicable, to keep investors and markets informed of material developments. As a reminder, under the federal securities laws:

- When a company has become aware of a risk related to the coronavirus that would be material to its investors, it should refrain from engaging in securities transactions with the public and take steps to prevent its directors, officers and other corporate insiders who are aware of these matters from initiating such transactions until investors have been appropriately informed about the risk.
- When a company does disclose material information related to the impacts of the coronavirus, it should take the necessary steps to avoid selective disclosures and to disseminate such information broadly in compliance with Regulation FD.
- Companies should consider whether they may need to revisit, refresh or update previous disclosure to the extent that such information becomes materially inaccurate.
- Companies providing forward-looking information in an effort to keep investors informed about material developments, including known trends or uncertainties regarding the coronavirus, should take steps to avail themselves of the safe harbor in Section 21E of the Securities Exchange Act of 1934 for this information.

While the need to seek filing relief due to the coronavirus will hopefully be limited to very few companies, these disclosure obligations are likely to impact most companies.

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