



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(202) 755-4846



FOR RELEASE: 2 p.m. Thursday, November 3

77-30

COMMISSION RECEIVES REPORT OF CORPORATE DISCLOSURE ADVISORY COMMITTEE

The Commission received today the Report and recommendations of its Advisory Committee on Corporate Disclosure, a document which culminates a comprehensive, 18-month study of the entire disclosure system that is mandated by the securities acts and administered by the Commission.

"This report is the product of an intensive study of the Commission's system of corporate disclosure and of the degree to which that system is meeting the needs of the investing public," declared Commission Chairman Harold M. Williams in accepting the Report. "Many observers believe that, in recent years, there has been an evolution in the role which corporate disclosure plays in investor decision making and in the kinds of information which shareholders expect from corporations. This report will provide the Commission with valuable insights to assist us in determining whether adjustments in our disclosure process are necessary or desirable.

"The Commission is grateful to all of the members of the Advisory Committee for the time and effort which they have devoted to this important project," Chairman Williams said. "As a former member of the Committee, I am well aware of the extensive personal commitment which each of the members has made. They should each take personal satisfaction from their contribution to the understanding of a field which is key to the success of our Nation's capital markets."

The 16-member Advisory Committee, chaired by former Commissioner A. A. Sommer, Jr., was broadly representative of the business, academic and investment communities, and of the legal and accounting professions.

Mr. Sommer said today that the Report concludes that the disclosure system mandated by the Securities Act of 1933 and the Securities Exchange Act of 1934 is sound and does not require radical reform or renovation.

"However," he added, "this conclusion does not dictate that the Commission should be indifferent to research which some would suggest has already, or may in the future, suggest a radical modification of this disclosure system. Further, as is evident from the contents of the Report, it does not suggest that there is no need for significant changes in the Commission's procedures, rules, emphases, and approaches to disclosure problems."

The Report, which totals some 600 pages divided into 23 chapters, is expected to be printed and made available to the public in the near future. It contains a large number of recommendations including improved rule-making and monitoring procedures; disclosure by corporations of "soft" information; disclosure of segment reporting; further integration of the reports which corporations are required to file by the 1933 and 1934 Acts; revision of the annual report on Form 10-K; and increased concern with the disclosure problems faced by small companies.

more

"Among the most important contributions to come out of the Committee's work," Mr. Sommer said, "are the extensive case studies by the Committee's staff of publicly-held companies; financial analysts; portfolio managers; and registered representatives, and the survey of individual investors. These studies have led to a greatly improved understanding and appreciation of the many different groups that are involved in the process of disclosure and information dissemination, and the role performed by each group."

Mr. Sommer also noted today that the work of the Committee was "greatly assisted" by the American Institute of Certified Public Accountants; the Financial Analysts Federation; the Financial Executives Institute; the New York Stock Exchange; and the Securities Industry Association. He said that these, and numerous other organizations and individuals, "contributed significantly to the findings in the final Report."

#