



SECURITIES AND EXCHANGE COMMISSION

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(202) 755-4846



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COMMISSION RESPONDS TO RECOMMENDATIONS OF ADVISORY COMMITTEE ON CORPORATE DISCLOSURE

The Commission announced today steps it plans to take regarding recommendations of the Advisory Committee on Corporate Disclosure. The new initiatives to be undertaken include:

- development of a proposal to encourage publication of "soft" information by management, which would include some type of "safe harbor" rule;

- further integration of the disclosure requirements of the Securities Act and the Securities Exchange Act and development of a single, comprehensive disclosure regulation;

- revision of the annual reporting requirements of Form 10-K;

and

- consideration of a requirement that corporations make available to shareholders without charge (and to others for a nominal fee) copies of their most recent 10-K, and of certain other disclosure documents.

The Commission's announcement today is based upon recommendations made on November 3, 1977 in The Report of the Advisory Committee on Corporate Disclosure, which were intended to improve the Commission's administration of the corporate disclosure system. The Commission responded affirmatively to most of the recommendations of the Advisory Committee, and today's announcement points out that action has already been taken to implement recommendations in the area of development of industry guidelines; segment reporting; and integration of various reporting requirements. In addition, the Committee's recommendation regarding proxy statement requirements will be considered in the context of the Commission's re-examination of rules relating to shareholder communications, shareholder participation in the corporate electoral process, and corporate governance generally which matters were the subject of hearings held by the Commission last fall.

The Commission said it would give further consideration to the Committee's recommendations concerning rulemaking and monitoring practices. Further, the Commission said it will remain alert to the importance of proceeding to rulemaking promptly after identifying and developing a familiarity with a disclosure issue of general significance and the Commission will continue to attempt to improve the operation of the concept release approach.

The Advisory Committee had also recommended that the Commission adopt a statement of objectives to guide the Commission in its administration of an investor-oriented disclosure system. A specific statement of objectives was given to the Commission for its consideration. The Commission said today that although it agrees that there are some advantages to adopting such a statement, it determined that any benefit to be derived from such a statement would be outweighed by the difficulty it would create.