

FOR IMMEDIATE RELEASE

2002-13

SEC ISSUES STATEMENT ON DISCLOSURE REQUIREMENTS  
FOR PUBLIC COMPANIES

Washington, DC, January 22, 2002 - The Securities and Exchange Commission today issued a statement setting forth certain of its views regarding disclosure that should be considered by public companies while preparing annual reports for the year recently ended. The statement is posted on the Commission's web page [www.sec.gov](http://www.sec.gov) under Regulatory Actions, Other Commission Orders, Notices, and Information.

The Commission's statement reminds public companies of existing disclosure requirements and suggests steps companies, domestic and foreign, should consider in meeting those requirements, regarding:

- \* liquidity and capital resources, including off-balance sheet arrangements,
- \* certain trading activities that include non-exchange traded contracts accounted for at fair value, and
- \* effects of transactions with related and certain other parties.

"We need better disclosure about these matters in this reporting season," said SEC Chief Accountant Robert K. Herdman. "While existing rules mandate explanations of material uncertainties, our hope is that public companies will go beyond the minimum legal requirements and serve investors with the very best possible discussion of the company's financial position and operating results. The Commission will continue to study how it can bring about further improvements in disclosure concerning critical accounting policies, important assumptions underlying reported results and material off-balance sheet activities, among other topics."

The Commission's statement refers to recommendations contained in a petition for interpretive guidance from the five

largest accounting firms, which was endorsed by the American Institute of Certified Public Accountants. That petition is posted on the Commission's web page [www.sec.gov](http://www.sec.gov) under Regulatory Actions, Petitions for Rulemaking.

The statement does not create new legal requirements, or modify existing legal requirements. The Commission also is considering whether to propose rules in the future to improve the consistency and completeness of disclosure about the particular risks, relationships and activities addressed in the petition and this statement.

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#### ADDITIONAL MATERIALS:

\* Statement About Management's Discussion and Analysis of Financial Condition and Results of Operations:  
<http://www.sec.gov/rules/other/33-8056.htm>