

SEC Votes to Modernize Disclosure Requirements to Help U.S. Investors in Foreign Companies

**FOR IMMEDIATE RELEASE
2008-183**

Washington, D.C., Aug. 27, 2008 — The Securities and Exchange Commission today voted unanimously to update and modernize the disclosure requirements for foreign companies offering securities in U.S. markets, making it easier for U.S. investors to gain access to timely financial information that can help them make better informed investment decisions.

The rule amendments approved by the Commission reflect advances in technology and other recent global changes, and bring the SEC's foreign company disclosure requirements into the 21st Century. The rule amendments eliminate requirements for foreign companies without SEC-registered securities to submit paper disclosures, and instead give investors instant electronic access to foreign company disclosure documents, in English, on the Internet. After a period of transition, foreign reporting companies also will be required to file their annual reports with the SEC two months earlier, making those submissions more timely and therefore more useful to investors. The rule amendments also facilitate the ability of U.S. investors to participate in cross-border tender offers and other business combinations.

"Today's action will make foreign companies' disclosures available to U.S. investors more quickly and without cost — and in English," said SEC Chairman Christopher Cox. "These changes to our regulation of foreign private issuers will encourage cross-border capital flows and eliminate needless barriers to our securities markets, so U.S. investors have better information about the securities of foreign companies."

John White, Director of the SEC's Division of Corporation Finance, added, "The action that the Commission has taken today in updating our rules governing foreign private issuers is particularly important in light of the

Video: Open Meeting



Chairman Cox discusses making foreign companies' disclosures more easily accessible to U.S. investors.

[Windows Media Player](#)

(16 MB)

[QuickTime](#) (17 MB)

ongoing globalization of our securities markets. We received many helpful public comments on the rule proposals, and we considered these comments carefully. An important goal that is achieved in the new rules is to fully protect investors without unduly burdening foreign private issuers."

Specifically, the Commission adopted three sets of rule amendments.

One set of amendments, called Foreign Issuer Reporting Enhancements, will update Securities Exchange Act filing requirements and enhance disclosure required by foreign private issuers in response to changes in foreign filing requirements, market practices, and other areas of SEC regulation. The rule amendments shorten the deadline for annual reports filed by foreign private issuers from six months to four months. The rule amendments also enable foreign issuers to test their eligibility to use the special forms and rules available to foreign private issuers once a year, rather than continuously; enhance the disclosures a foreign private issuer provides to investors regarding any changes in and disagreements with its certifying accountant in its annual reports and registration statements; and revise the annual report and registration statement forms used by foreign private issuers to improve certain disclosures provided in these forms.

A second set of amendments concerns Exchange Act Rule 12g3-2(b), which exempts a foreign private issuer from registering a class of equity securities based on submission to the SEC of certain information published outside the U.S. The exemption allows a foreign private issuer to have its equity securities traded in the U.S. over-the-counter (OTC) market without registration under Section 12(g). The adopted rule amendments will eliminate the current written application and paper submission requirements under Rule 12g3-2(b) by automatically exempting a foreign private issuer from Section 12(g) provided they meet specified conditions. As is currently the case, issuers must continue registering their securities under the Exchange Act to have them listed on a national securities exchange or traded on the OTC Bulletin Board.

The Commission also voted to adopt changes to its cross-border exemptions. These amendments are intended to expand and enhance the utility of the exemptions for business combination transactions, tender offers, and rights offerings and to encourage offerors and issuers to permit U.S. security holders to participate in these transactions on the same terms as other security holders. Among the amendments are codifications of existing interpretive positions and exemptive orders in the cross-border area, as well as amendments to allow specified foreign institutions to report beneficial ownership on Schedule 13G to the same extent as their U.S. institutional counterparts. The Commission also voted to provide interpretive guidance on several topics that come up frequently for practitioners in the cross-border area.

* * *

The full text of the adopting releases concerning these amendments will be

posted to the SEC Web site as soon as possible.

#

<http://www.sec.gov/news/press/2008/2008-183.htm>

[Home](#) | [Previous Page](#)

Modified: 08/27/2008