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[redacted]

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Division of Corporation Finance
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Reference: CLL-15

Ladies and Gentlemen:

I submit this comment letter on my own behalf in response to Statement on Reforming Regulation S-K" (File No. CLL-15) of the Securities and Exchange Commission (the "SEC"). I was licensed as a certified public accountant and was a corporate lawyer for over a decade (including two years on the staff of the SEC Division of Corporation Finance). I am now a business person and investor. This letter is not comprehensive and has been shortened to focus on several areas where I have not seen other commenters devote significant energy.

As a threshold matter, I commend the sentiment in Releases 33-6835, 33-8350, and 33-10751 that disclosure pursuant to Regulation S-K should give the investor real subjective insight into how management sees its business.

Perhaps orthogonal to this effort by the SEC, when I have been in leadership in public companies, we have made a running list of questions by analysts (sell side, buy side, and hedge funds). Often when I have proactively tried to disclose answers to these questions in SEC filings, our legal teams (big name outside counsel and inhouse) have forcefully argued against disclosure (as not being "material non-public information", "not required by Regulation S-K", "might reveal confidential information of a person we do business with", etc.). Perhaps as part of this or another project, the SEC might force disclosure of questions privately received from analysts and investors (following on *TSC v. Northway*, what is of interest to hedge funds has indicia of materiality). The importance of this can be seen by the effort and technologies devoted to analyzing transcripts of investor calls.

ITEM 101(C)(1)

Revenue Streams. When an acquiror looks at a business, customarily they dive deep into "Quality of Earnings". Often this means hiring an accounting firm to sort revenue by customer from largest to smallest, ask on a customer by customer basis: how is this relationship, what is management's expectation of future revenue from this customer, what are the threats to this customer's business (that could result in a reduction of business with the target company), interviews with the company's sales and marketing people, channel checks of the target company and the customer's products in the market, outreach directly to customers, etc. While I am supportive of the SEC's reduction of disclosure in other areas, this is an area where I suggest mandating disclosure of:

- subjective insight into customer pipeline (e.g. sales funnel),

- meaningful insight (not just a list of factors) into the sales process and reasons customers decide not to buy the registrant's products or services;
- dependence on key customers (no longer permitted to be anonymized),
- uncertainty in revenue forecasts (senior management often discount's the bottoms up internal sales forecasts); and
- external industry threats to customers' business (which the company has factored in its own evaluation of future revenue opportunities)

Seasonality. I suggest deleting this from Item 101 as it is of necessity addressed in Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A").

Key Suppliers. This risk is often under-disclosed. For examples, many banks depend on software vendors like Fiserv. The terms of the agreements with key vendors and management's evaluation of risks associated with key vendors should be highlighted.

Software. Risk would be better understood by investors if management were forced to share when they decided to build software internally (cyber security is the only risk currently required to be disclosed) but we have seen many examples of migration from one version of software to the new and improved version causing significant business interruption (I would not want a hedge fund that obtained information about a planned software transition [usually not material non-public information] to have a trading opportunity that was not available to the market as a whole via SEC mandated disclosure.

ITEM 102. In many industries properties are immaterial, and registrants should be able to insert a simple sentence with the conclusion that "properties are not material to our business" and similarly Item 601 should be revised to not require the filing of leases when properties are not material to the registrant's business.

Item 202. Because the organizational documents or debt instruments are filed as exhibits, there is no need for a summary in the document. I suggest that the SEC replace Item 202 with a term sheet or checklist (but no longer require long-form English descriptions). Additionally, the standardized descriptions of Section 203 of the Delaware General Corporation law is unnecessary in most disclosure documents.

ITEM 305. I suggest that the SEC provide a exceptions where the data is not meaningful to understanding the key risks of the registrant, for example a manufacturing business with receivables and floating rate debt. MD&A already requires discussion of potential interest rate fluctuations.

Item 506. It would be helpful to see the investment by officers, directors, promoters, venture investors, private equity sponsors, etc. in a table that shows the per share price (split adjusted) and dollars invested by date and round, and shares owned by date and round. Officer purchases upon exercise of options, etc. can be aggregated. The current dilution disclosure in initial public offerings is unnecessarily complicated and often leads to SEC staff comments and regulatory burden in comfort letters.

ITEM 601.

Tax Opinions. The requirement for tax opinions is unnecessary regulatory burden. The issuer standing behind the disclosure (10b-5, Section 11, etc.) is sufficient. History has shown very little litigation against law firms for incorrect Item 601(b)(8) opinions. Many hours are spent inside law firms clearing these opinions with opinion committees with little investor benefit.

Instruments Defining Rights of Investors. Little public benefit is gained by filing the investor rights agreements that venture investors enter into. As long as the agreement is described in the prospectus under Description of Securities, Plan of Distribution or Shares Available for Future Sale that is sufficient and the full contract need not be filed.

Material Contracts. The ordinary course of business exception should be tightened. There is enormous investor benefit from being able to read important business agreements. With the staff's simplification of confidential treatment, I urge the SEC to consider measured ways to get important commercial terms to be available to investors. Cracking down on redactions would also be helpful, for example if the market new that a company gave 5-year warranties capped at annual sales, we could then evaluate for ourselves whether the recorded warranty reserve was adequate or inadequate. This point would further bolster my above desire to see better quality of earnings data.

I hope these suggestions are helpful to the SEC in your effort to modernize Regulation S-K.

Respectfully submitted,

Richard S. Chernicoff