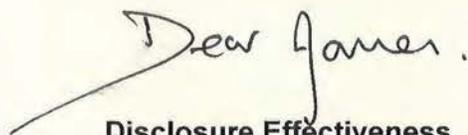


James Schnurr
 Securities and Exchange Commission
 100 F Street, NE
 Washington, DC 20549

10 March 2015



Disclosure Effectiveness

Thank you for inviting input into your review of disclosure effectiveness.

We welcome the SEC's review. In our view, improving the quality of disclosures is a key part of ensuring that annual reports provide relevant information for investors.

The objectives of your review are very much aligned with our own work in this area. We are mindful of the increasing disclosure burden for companies and the risk of important information being obscured by immaterial information. Our overarching comments on the concepts in your staff report and an outline of the relevant aspects of our activities are set out below.

a) The development of a broad scope disclosure framework

We are pleased that the SEC review is looking at disclosures outside of the financial statements (including MD&A). However, we would also encourage the SEC to collaborate with the FASB on its Disclosure Framework project so that future stages in the review also cover the financial statements. In our view, taking a holistic approach to disclosures across the annual report is an important step towards ensuring issuers are clear where information should be best disclosed and to reducing duplication.

Our 2012 discussion paper 'Thinking about disclosures in a broader context'¹ takes this approach as well as calling for standard setters and regulators to develop a disclosure framework. Since the issue of that paper, we are pleased to note that the International Accounting Standards Board has added a Disclosure Initiative to its active agenda and that the International Auditing and Assurance Standards Board also has a disclosure project.

b) Principles-based approach

We support the staff recommendation in the report that a 'principles-based approach' should be 'an overarching component' of a disclosure framework.

¹ A copy of the paper can be accessed at <http://www.frc.org.uk/Our-Work/Publications/Accounting-and-Reporting-Policy/Thinking-about-disclosures-in-a-broader-context-File.pdf>

In the UK, the Strategic Report provides similar information to the MD&A. The FRC has recently published 'Guidance on the Strategic Report'². The guidance includes principles for communication, placement of information and materiality.

c) Proportionate financial reporting solutions

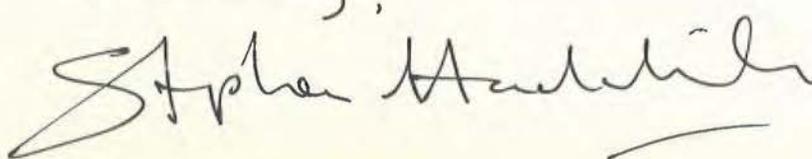
We noted with interest, the new category of issuer in the U.S., an "emerging growth company", and the scaled disclosure requirements for such companies. We support the concept of developing disclosure regimes, guidance and accounting standards that are proportionate.

We note that smaller companies, in particular, face some challenges when preparing their annual reports and this is an area that we are considering as part of our project on Smaller Listed and Alternative Investment Market (AIM) reporting³.

d) Clear & Concise initiative

We believe that good communication lies at the heart of corporate reporting. In 2014, we launched our Clear & Concise initiative. The initiative is an ongoing programme of work. It includes a project on digital reporting which may be of interest to the SEC as it considers the role of electronic media.

My Chairman and I are visiting in Washington later this month and I hope, if it is possible to meet, that we can provide more detail on our thinking and recent work.

Your sincerely,


Stephen Haddrill
Chief Executive

² A copy of the guidance is available at <https://www.frc.org.uk/Our-Work/Publications/Accounting-and-Reporting-Policy/Guidance-on-the-Strategic-Report.pdf>

³ Further information on this project is available at <https://www.frc.org.uk/Our-Work/Headline-projects/The-quality-of-reporting-on-smaller-listed-and-AIM.aspx>