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June 5, 2016

U.S. Securities and Exchange Commission

100 F. Street, N.E.

Washington, D.C. 20549-1090

Release No. 33-10064; 34-77599

File No. S7-06-16

To whom it may concern,

Thank you for allowing me to comment on this proposal. All my comments and thoughts will specifically address d. Key Indicators of Financial Condition and Operating Performance.

As discussed in the proposal, Key Performance Indicators (KPI's) were last addressed in SEC Interpretive Release [Release Nos. 33-8350; 34-48960; FR-72], effective December 29, 2003.

My responses to the questions posed are as follows -

103. Should we revise Item 303 to include a principles-based requirement for all registrants to disclose performance metrics and other key variables important to their business? Why or why not?

Key Performance Indicators take many forms. The examples listed in this Concept Release relate only to revenue indicators. However, KPI's can also track business generation – clients, contacts, contracts, pricing subsidies; fulfilment – customer satisfaction, market share; financial measures – revenues, expenses, profitability; and, risk measures – audit results. Yet these statistics may never be presented if a principle based requirement focused on materiality were implemented. How would you define a material change in customer satisfaction?

If used properly, performance metrics can only benefit investors or potential investors, allowing them to more fully understand the success of companies at reaching their strategic priorities.

104. Should we require disclosure of any commentary, analysis, performance indicators or business drivers related to a registrant's key indicators? If so, why?

Yes. It would be appropriate for a registrant to provide a table, i.e. Scorecard of KPI's on one page, with an accompanying page providing management's analysis. Let the reader know why these metrics are important for the company and their significance.

However, to avoid manipulation, some standards should be established - use standard industry definitions as metrics; do not use assumptions, estimates, and projections and only track actual results; statistics should be clearly defined, with any changes in calculations notated. For example, if you show a value or metric for Marketing, what does it include? Finally, statistical values should be able to be calculated by any other individual and the results will be the same. This issue exists with manual reporting processes. Lastly if a company discussed a KPI in their MD&A, they should be required to continue to report the KPI for at least a period of five years. The value of KPI's is related to the trend, not the value today.

105. What types of investors or audiences are most likely to value industry-specific key performance indicators?

KPI's would benefit individual investors which would like to choose an investment in a targeted industry, i.e. KPI's help to differentiate the opportunities. Institutional investors may wish to gage management success in running companies based on more than just financial measures.

106. What would be the costs and benefits of requiring registrants in certain industries to disclose standardized performance metrics? How could we identify which performance metrics should be standardized across an industry?

Every company at this point should be using KPI's to manage their business. If these measures already exist, the additional cost to include these statistics in reporting should be negligible. Used properly, KPI's are important tools that senior staff can use to manage their business. These tools - quickly show senior management the measurable progress that has been made toward the achievement of company strategy; provide a fast way to explain variances in income statements; make it easy to link departmental contributions to strategy attainment, which aids in performance measurement and management; allow nonfinancial individuals to understand the organization's success at achieving goals and strategies by tracking how the KPIs change over time and, offer a real-time snapshot of the success of activities between financial statements, i.e. an early warning system of difficulty or success.

However, I do not recommend KPI standards across industries, as all businesses models are not 100% similar. If you force a company to report a value, the analysis page produced by management may be used to discount the resulting value. Executives by nature will debate a financial calculation/statistic they feel does not positively represent their efforts, i.e. "But you can't look at it that way."

More importantly, KPI reporting should be balanced, i.e. show me the good and the not so good.

Again, thank you for the opportunity to comment. Please let me know should you have any follow-up questions.

Thanks.

Regis Quirin