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September 30, 2016

Brent Fields, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Submitted via electronic mail to: rule-comments@sec.gov

Re: File No. S7-06-16, Release No. 33-10064, 34-77599;
Business and Financial Disclosure Required by Regulation S-K

Dear Mr. Fields:

General Motors Company ("GM") designs, builds and sells cars, trucks, crossovers and automobile parts worldwide. GM has assembly, manufacturing, distribution, office or warehousing operations in 59 countries, and excluding our automotive financing operations and dealerships, has over 100 locations in the U.S. alone. We also provide global automotive financing services through General Motors Financial Company, Inc. that covers over 85% of GM's world market. More information on GM and our subsidiaries can be found on our website at www.gm.com.

We appreciate the opportunity to comment on the concept release published by the Securities and Exchange Commission (the "Commission" or "Staff"), *Business and Financial Disclosure Required by Regulation S-K*. As set forth below, we strongly commend and support the Commission's ongoing initiative to improve the effectiveness of registrant disclosures, enhance the clarity of information that is most important to users of the financial statements and eliminate unnecessary disclosure duplication.

Principles-Based Disclosures

We encourage the Commission to revise its current format of enumerated items requiring disclosure and instead adopt a principles-based approach to Regulation S-K disclosure with materiality being the primary consideration as to whether disclosure is required. We believe registrant's should apply the traditional standard of materiality articulated by the U.S. Supreme Court[1] that information is material if there is a substantial likelihood that a reasonable investor would consider it important to making or

[1] *Basic Inc. v Levinson*, 485 U.S. 224 (1988); *TSC Industries, Inc. v Northway, Inc.*, 426 U.S. 438 (1976)

having significantly altered the total mix of information relating to a securities-related decision. We believe the application of a principles-based approach allows registrants the flexibility to enhance their existing disclosures by focusing disclosures on items that are truly useful to investors.

We acknowledge that a downside to principles-based disclosure requirements is that they do not offer some of the certainty that can be provided by clear and unambiguous line-item requirements with prescribed quantitative thresholds. To negate this uncertainty, the Commission should couple principles-based disclosure requirements with clearly stated objectives of the requirements. As an example, the Commission should develop clearly stated disclosure objectives for Item 101 of Regulation S-K to eliminate the overlap that currently exists with U.S. GAAP, Management's Discussion and Analysis (MD&A) and risk factors (e.g., the segment and enterprise-level disclosures in Accounting Standards Codification (ASC) 280, *Segment Reporting* and the disclosures required by Item 101(b), *Financial Information About Segments,* both require disclosure of revenues from external customers, a measure of profit or loss and total assets for each of the last three fiscal years for each segment). These disclosure objectives could include helping investors understand material developments respecting:

- pending business developments;
- the company's strategic focus, principal products and/or services (e.g., markets, distribution channels, product life cycle);
- the company's critical resources rather than solely physical assets (*e.g.*, description of property under S-K Item 102);

We believe this approach to formulating and applying disclosure requirements benefits both companies and investors because it emphasizes disclosure of material information necessary for making investing or voting decisions.

Relatedly, we recommend that the Commission eliminate all quantitative disclosure thresholds, such as the artificially low trigger for disclosure in Instruction 5.C to Item 103 regarding certain environmental proceedings involving potential monetary sanctions in excess of $100,000, utilizing instead overarching materiality principles. Such thresholds, when applied without consideration to materiality, result only in increased disclosure burdens for companies and overload for investors.

Disclosure Effectiveness

We support the Commission in their endeavors to improve disclosure effectiveness with the intent of improving the quality of disclosures for investors. As such, we suggest the following improvements:

- The Commission should eliminate disclosure requirements that overlap with the requirements of U.S. GAAP;
- The Commission should eliminate disclosure requirements for items that investors can easily access through filings available on the SEC's EDGAR website; for example, disclosures prescribed by Item 301 of regulation S-K (Selected Financial Data);
- The Commission should consolidate its guidance related to MD&A into a single source; and
- The Commission should avoid requiring registrants to provide layered or summary disclosures that result in duplicative disclosures.

Disclosure overlap

In developing the disclosure framework, we recommend that the Commission eliminate disclosure requirements that overlap with the requirements of U.S. GAAP. Since the adoption of certain SEC disclosure requirements, the requirements prescribed by U.S. GAAP have evolved and, in some cases, created redundant disclosures. Therefore, we recommend that the Commission or Staff coordinate with the FASB on future disclosure requirements to eliminate duplicative disclosures. The examples below highlight disclosure requirements we consider overlapping and that we believe should be eliminated:

- The segment and enterprise-level disclosures in ASC 280, *Segment Reporting* and the disclosures required by Item 101(b), *Financial Information About Segments,* both require disclosure of revenues from external customers, a measure of profit or loss and total assets for each of the last three fiscal years for each segment;
- The material legal proceedings disclosure in Item 103, *Legal Proceedings,* and the disclosures required by ASC 450, *Contingencies*;
- The disclosure requirements included in Item 305, *Quantitative and Qualitative Disclosures About Market Risk,* overlap with the disclosures required by ASC 815, *Derivatives and Hedging*, ASC 820, *Fair Value Measurements,* ASC 825, *Financial Instruments* and Rule 4-08(n) *Accounting Policies for Certain Derivative Instruments,* of Regulation S-X. For example, U.S. GAAP now requires extensive disclosure regarding hedging, derivatives and other instruments in the notes to the financial statements which are redundant to the disclosures required by Item 305; and
- As a result of the development of the variable interest entity disclosure requirements contained in ASC 810, *Consolidations* and the disclosure requirements of ASC 460, *Guarantees,* the objectives set forth by the SEC in Item 303(a)(4), *Off-Balance Sheet Arrangements,* are now addressed in the notes to the financial statements.

We also recommend the Commission reconsider the disclosure requirements in Item 303(a)(5), *Tabular Disclosure of Contractual Obligations.* This item requires a registrant to provide information as of the latest fiscal year end balance sheet with respect to a registrant's known contractual obligations. Many of the requirements in Item 303(a)(5) are similar to those under U.S. GAAP, such as the requirements in ASC 460, *Guarantees*, ASC 470, *Debt*, ASC 840 *Leases*, and ASC 440 *Commitments.* The Commission should consider whether the additional information required in the contractual obligations table is necessary given the overlap with the disclosure requirements of U.S. GAAP. Additionally the use of eXtensible Business Reporting Language (XBRL) can facilitate the creation of customized tables that may effectively summarize a registrant's contractual obligations. Clearly articulated liquidity disclosures would also eliminate the requirement for the prescriptive contractual obligations table, as the disclosures would provide investors with information regarding the registrant's ability to generate sufficient liquidity to satisfy its contractual obligations.

Consistent with our November 30, 2015 comment letter to the Commission on its request for comment on the *Effectiveness of Financial Disclosures about Entities Other Than the Registrant*, we recommend the Commission reconsider the disclosure requirements of Rule 3-10 of Regulation S-X, *Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered.* In our letter, we stated that we believe that disclosure of (i) a narrative explanation of the registrant's transactions amongst its various entities, (ii) streamlined guarantor information providing summarized financial information, such as total assets, total liabilities, net income and summarized condensed cash flow information, and (iii) narrative disclosure around the guarantor's plans for having sufficient liquidity to satisfy its guarantee would be more useful for investors than the current requirements.

To the degree that elimination of duplicative topics is unavoidable, registrants should be able to cross-reference within a filing in lieu of repeating the disclosure. Such a presentation would be useful to investors. The Commission should consider rulemaking or the Staff should consider issuing guidance stating that a cross-reference from the financial statements to the body of the periodic report does not cause the registrant to lose the PSLRA safe harbor for forward-looking statements, unless such disclosure is otherwise required in the financial statements. Additionally, the Commission should consider revising its guidance in the 1989 MD&A Interpretive Release to clearly allow a registrant to cross-reference (or incorporate by reference) to the SEC filings of any public reporting subsidiaries of such registrant for purposes of MD&A. For example, to the extent that GM considers information regarding GM Financial material, it should have the flexibility to cross-reference, or incorporate by reference, the relevant areas of disclosure from the SEC filings made by GM Financial into GM's own SEC filings.

Readily available disclosures

In developing the disclosure framework, we recommend the elimination of disclosure requirements for items that investors can easily access through filings available on the SEC's EDGAR website. The migration from paper SEC filings to electronic filings, along with the development of new technologies to aid investor analysis, such as XBRL, has transformed investor's access to registrant's financial information. The examples below highlight disclosures that could be eliminated because of the availability of historical financial information.

Selected financial data table

Item 301 requires a registrant to disclose specific items for each of the registrants last five fiscal years. We recommend that the Commission eliminate the requirements of Item 301 as the information to be disclosed within this table can be located either in the current period financial statements and footnotes or, in the case of years four and five, in the previously filed Form 10-Ks located on the SEC's EDGAR website. This table is unnecessary as investors have the ability to construct customized analyses of selected financial data given the existence of multiple years of tagged financial statements.

If the Commission were to retain the requirements of Item 301, we believe the table should be voluntary and permit registrants to present a retroactive accounting change only for the periods presented in the financial statements if the periods prior to those presented in the financial statements cannot be recast without unreasonable effort or cost. This approach is similar to the relief the SEC granted to registrants adopting the new revenue recognition standard.

Results of operations

Item 303(a)(3) requires a registrant to discuss the results of its operations for the three most recent fiscal years. The comparison of the earliest years presented is readily available in the previously filed Form 10-K contained on the SEC's EDGAR website. The objective of Item 303(a)(3) should be to promote a discussion of the trend information over the periods for which operating results are presented without requiring a detailed prior year to preceding year comparison. To alleviate any concern that could be raised by the elimination of this analysis from Form 10-K, the Commission could require a hyperlink to the analysis of the earliest years.

Consolidation of MD&A guidance

There is a significant amount of guidance from the Staff to assist companies in their preparation of the MD&A, such as Interpretive Releases, Dear CFO Letters, and the Division of Corporation Finance's Financial Reporting Manual. We recommend that the Staff consolidate and prioritize this guidance into a single source while retaining the materiality-focused, principles-based disclosure framework that currently exists. Here too, we encourage the Commission to avoid prescriptive quantitative thresholds.

Layered Disclosure

Registrants should not be required to provide layered or summary disclosure, as these approaches necessarily result in duplicative disclosures. Any use of layered or summary disclosure by registrants should be voluntary.

Public Policy and Sustainability Disclosures

We appreciate the importance of communicating with investors about public policy and sustainability issues that are relevant to our business. For this reason, in recent years we have significantly expanded the breadth and depth of information about these matters in our annual proxy statement, annual sustainability report and on our website. We are concerned, however, that rulemaking to effect line item disclosures for sustainability or public policy issues risks confusing arguably important or even interesting information with material information. As we have suggested elsewhere in this letter, the materiality of information should be the touchstone of any required disclosures in a company's periodic reports. Investors are not well served by overburdening what is principally a financial and operational report with information that is immaterial to financial or operational performance, or, more importantly, immaterial to an investor's investing or voting decisions. To be sure, there are public policy and sustainability matters that may indeed be material to a particular company and that ought to be addressed in the company's periodic reports. In keeping with the theme of principles-based disclosure that we address above, however, we believe the existing disclosure requirements relative to description of business, legal proceedings, MD&A and risk factors, among others, sufficiently contemplate, even if not explicitly so, disclosure of such information when it is material. This is perhaps best illustrated by the Commission's 2010 *Guidance Regarding Disclosure Related to Climate Change*. In that Guidance, the Commission makes clear that companies are obligated to discuss climate change, climate change legislation, and related matters only to the extent material.

Further, we believe that immaterial, but nonetheless important, information about public policy and sustainability issues can be and is being effectively communicated outside of periodic reports. We, like hundreds of other public companies, address these issues in detail in our annual Corporate Responsibility Report and on our website. The CorporateRegister.com contains a database of corporate responsibility reports from over 900 companies in the United States. In our view, these reports, rather than periodic reports, are the most appropriate forum for addressing this type of information, to the extent it is immaterial.

For these reasons we are not inclined to support rulemaking to effect line item disclosures in periodic reports for sustainability or public policy issues.

Risk Factors

We believe the current principles-based Item 503(c) is effective as Registrants have the opportunity and flexibility to highlight their most significant risks. Although the SEC does not require prioritization of risk factors, it is recognized "best practice" to list risk factors in order of priority, beginning with the

most important risks. Registrants should not, however, be required to rate or disclose the probability of occurrence of each risk. Assigning a rating or probability of occurrence to any particular risk may be so speculative that such a rating or probability assessment would not be useful to investors and may present an air of imminent concern when perhaps there is none. Registrants would understandably be concerned that any requirement to discuss the relative probability of a particular risk could be challenged in stockholder litigation or SEC enforcement proceedings in the event that a risk characterized as having low probability occurs and has a material impact on the registrant. In addition, registrants should not be required to provide a risk factors summary in addition to complete disclosure. Such a summary would not provide any meaningful disclosure beyond what would already be highlighted in the descriptive sub-captions that Item 503(c) already requires to be set forth immediately above each risk factor. Further, inclusion of any summary would necessarily result in increased repetition of disclosure.

If the Commission were to require registrants to disclose the specific facts and circumstances that make a given risk material to the registrant, such disclosure requirements would need to be principles-based and afford significant flexibility for registrants to tailor their disclosures in a manner they believe is appropriate in light of their business and operations. While this is currently done in the context of risks of significant cyber security attacks, the Commission and Staff should be mindful that mandating specific examples for multiple risk factors without a materiality qualifier would likely significantly increase the length of the Risk Factors (which is a section the Staff has often indicated is too long in registrant's filings) without further informing investors in any meaningful way.

In addition to the comments and recommendations we have provided directly in this letter, we also support the comments and recommendations separately submitted on behalf of the Committee on Corporate Reporting of Financial Executives International.

We thank you for the opportunity to provide comments and appreciate the Commission's consideration of the points outlined in this letter. The comments and recommendations outlined above for a new approach to principles-based disclosures are focused on its applicability to GM and do not take into account all relevant topics that would need to be addressed for other categories of registrants, such as newly-public companies or smaller reporting companies. Should you have any questions or need to discuss the content of this letter, please contact me at (313) 665-3434.

Sincerely,

Thomas S. Timko
Vice President, Controller and Chief Accounting Officer
General Motors Company