December 21, 2017

Mr. Brent J. Fields
Secretary
US Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File Number S7-08-17

Dear Mr. Fields:

We appreciate the opportunity to share our views and provide input on the Securities and Exchange Commission's (the "SEC" or the "Commission") proposal, *FAST Act Modernization and Simplification of Regulation S-K* (the "proposal").

Our recommendations are based on our experiences in working with the SEC's disclosure requirements as independent auditors. Consistent with the Commission's views, we believe that parts of Regulation S-K are in need of amendment to streamline disclosure requirements and modernize how users may access information.

Management's Discussion and Analysis

The proposal to allow a registrant to omit the discussion in MD&A of the earliest of the three years when the discussion (1) is not material to an understanding of the registrant's financial condition, changes in financial condition and results of operations and (2) has been included in the registrant's prior year Form 10-K on EDGAR is consistent with the Commission's objectives to discourage repetition and reduce the disclosure of information that is not currently material to an investor.

We believe that the occurrence of an event that changes a registrant's financial statements for the third year back[1] should not automatically result in the need to provide a revised MD&A for the third year in the current year filing. The proposal is intended to simplify the mechanics of complying with the three-year requirement. It does not eliminate a registrant's responsibility to consider whether its MD&A covering three years that is on file with the SEC satisfies the disclosure objectives of Regulation S-K Item 303. A registrant would need to consider whether or not the prior discussion based upon the original financial statements needs to be updated in light of the impacts of the retrospective change. As a result, we do not believe the Form 10-K or a Form 8-K filed with the revised financial statements for the earlier years should be required to include a discussion of the earliest year (i.e., the third year back) in its revised MD&A if the registrant believes the nature and impact of the changes do not warrant revision.

As long as the Commission requires a three-year MD&A discussion, we recommend the Commission expand the second condition to allow a registrant to omit from its current Form 10-K the discussion of the earliest of the three years if it was previously filed in **any** SEC filing. We recommend that a registrant disclose in its Form 10-K the form and filing date that includes the MD&A that discusses the earliest of the three years. We believe a registrant should be allowed to omit the MD&A discussion of the earliest of the three years in all filings other than initial registration statements.

Furthermore, we support the Commission's proposal to revise Instruction 1 to Item 303(a) to eliminate the references to (1) year-to-year comparisons and (2) five-year selected financial data. We believe these changes will encourage companies to take a fresh look at MD&A and re-evaluate their disclosures

[1] Examples of such events include retrospective changes in accounting, correction of an error, and reorganization of entities under common control.

of prior year information, which supports the Commission's objectives to enhance the overall quality of MD&A and reduce repetition.

Lastly, we recommend that the Commission make conforming changes to Form 20-F for foreign private issuers.

Cross-referencing and incorporation by reference

Financial statements

We support the Commission's objective of improving the effectiveness of disclosure by streamlining information included in documents filed with the SEC using mechanisms such as cross-referencing. However, we do not believe the Commission's rules or forms need to be clarified or expanded to describe when financial statement disclosure may be used to satisfy other disclosure requirements. In our view, it is unlikely current practice would change as a result of this proposed amendment. Overall, we do not believe the forms need to be this explicit.

In addition, we support, subject to the comment below regarding foreign private issuers, the Commission's proposal prohibiting registrants from incorporating or cross-referencing information outside of the financial statements into their financial statements unless otherwise specifically permitted or required by the Commission's rules. However, it is not clear why the Commission is proposing to amend certain forms in addition to the proposed amendments to the rules. It would seem that the objective of prohibiting the incorporation of information into the financial statements could be achieved by amending just the applicable rules, such as Securities Act Rule 411, as proposed. It does not appear necessary to also amend the applicable forms. If the Commission proceeds with the proposed amendments to the forms, it is unclear why certain forms were proposed to be amended and other forms were not (e.g., Form S-3 but not Form F-3).

Foreign Private Issuers (FPIs)

It is not uncommon for FPIs to use their home country annual report as the basis for their annual report on Form 20-F. This allows them to reduce the incremental cost of filing with the SEC. In a number of jurisdictions, disclosure is provided outside of the financial statements that are audited and frequently cross-referenced or incorporated into the financial statements. For example, certain standards within International Financial Reporting Standards (IFRS) (e.g., IFRS 7) permit certain disclosures that are part of the audited financial statements to be located outside the footnotes with a cross-reference in the notes to the financial statements. Regulators in some countries require certain disclosures to be covered by the auditor's report even though they are located outside of the financial statements.

We recommend the SEC permit cross-referencing into the financial statements when expressly permitted by the accounting standards used by the registrant or by law, regulation or by the primary securities regulator in the foreign private issuer's home country jurisdiction or market. This exception would be similar to the proposed amendments that permit cross-referencing into the financial statements when permitted by SEC rules.

Registered Investment Companies

The proposal to amend Investment Company Act Rule 0-4 does not appear to address existing guidance concerning financial reporting practices for master/feeder arrangements. As previously noted by the SEC staff,[2] the annual and semi-annual reports for feeder funds contain the financial statements of their master fund. The Commission may wish to clarify whether the SEC staff guidance

[2] Dear Chief Financial Officer Letter, SEC Division of Investment Management, December 30, 1998.

continues to be relevant and, if so, whether this practice should be codified within the final rule. Alternatively, if the Commission intends for a change in practice, clarification may be warranted.

Forms

We do not believe it is necessary to change the information that may be incorporated by reference into a prospectus under any of the Commission's forms. There could be implications to the auditor if there are changes in the information that is incorporated into a document that contains audited financial statements because of the guidance in PCAOB Auditing Standard (AS) 2710, *Other Information in Documents Containing Audited Financial Statements*. This standard addresses the auditor's responsibility with respect to other information in documents containing audited financial statements and the related auditor's report. With respect to other information, PCAOB AS 2710.04 states the following:

> "The auditor's responsibility with respect to information in a document does not extend beyond the financial information identified in his report, and the auditor has no obligation to perform any procedures to corroborate other information contained in a document. However, he should read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements."

Should the auditor's reading of the document uncover other information materially inconsistent with information, or the manner of its presentation, appearing in the financial statements, then the auditor is required to determine whether the financial statements or the auditor's report require revisions; if no revision to the financial statements or auditor's report is required, then the auditor should request that the client revise the other information.

In connection with any future changes in rules regarding incorporation by reference into documents that contain audited financial statements, we recommend the Commission consider the implications to the auditors regarding their professional standards and legal liability. This would include coordination with the PCAOB to determine whether additional guidance or audit standard setting is appropriate or necessary.

Corporate governance

We support the proposal to amend Item 407(d)(3)(i)(B) to refer to the "applicable requirements of the PCAOB and the Commission rules" and eliminate the reference to specific standards. Amending the existing requirements to more broadly refer to the PCAOB's and Commission's rules effectively accommodates potential changes to audit committee communication requirements.

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We would be pleased to discuss our comments or answer any questions that the SEC staff or the Commission may have. Please contact John May at [redacted], Wayne Carnall at [redacted], or Diane Howell at [redacted].

Sincerely,

PricewaterhouseCoopers LLP

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