

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

January 2, 2018

[Reference: Proposed Rule – FAST Act Modernization and Simplification of Regulation S-K \(File No. S7-08-17\)](#)

Dear Mr. Fields,

The International Integrated Reporting Council (IIRC) is pleased to respond to the Securities and Exchange Commission's consultation on the above-referenced Proposed Rule. The IIRC is a global coalition of regulators, investors, companies, standard setters, the accounting profession and non-governmental organizations. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting. Our vision is to align capital allocation and corporate behavior to the wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking. Organizations around the world – including SEC registrants – are applying the International <IR> Framework to communicate a clear, concise and integrated story that explains how activities and resources create value. Launched in December 2013, the International <IR> Framework helps businesses to think more holistically about their strategy and plans, make better-informed decisions and manage key risks to build investor and stakeholder confidence and improve performance.

The Proposed Rule indicates the following:

In this release, we focus on amendments to implement Section 72003(d) of the FAST Act. Accordingly, we are not at this time proposing amendments that extend substantially beyond the staff's recommendations in the FAST Act Report. We are continuing to consider potential additional changes to our disclosure regime in connection with recent proposing releases and requests for comment.

That said, we were quite disappointed by the lack of additional discussion of the disclosure regime in connection with the SEC's recent proposing releases and request for comment. Quite frankly, we believe there needs to be more of a sense of urgency in enhancing the information provided to investors while considering whether the action will promote efficiency, competition, and capital formation.

The IIRC does not believe regulation is the best way to enhance the information provided to investors while considering whether that information will promote efficiency, competition, and capital formation. However, it is critical that there is a policy and regulatory environment that supports moves towards enhancing the information provided to investors. There are many examples of this around the world, including the following:

- In November 2017, the International Accounting Standards Board (IASB) added a project to its agenda to revise and update its non-mandatory Management Commentary Practice Statement. In connection with this action it indicated that, "The IASB knows that financial reporting in the narrow sense has its limitations. There are many elements of value creation which are important to the investor but which are not adequately captured in the financial statements. Investors need to understand a company's business model and its strategy for long-term value creation. They need to understand the intangibles that are vital to their business model. As it is very difficult to measure intangibles reliably, such topics are often best covered in the management commentary section of the financial report."
-

- In May 2017, the Japanese Ministry of Economy, Trade and Industry (METI) formulated guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation. The guidance discusses approaches to strategic investment for companies to enhance their mid- to long-term corporate value, methods that investors should take for evaluating companies from mid- to long-term perspectives, and ideal approaches for encouraging companies to disclose information and hold dialogues with investors.
- In February 2017, the Securities and Exchange Board of India (SEBI) published a circular asking the top 500 companies in India to voluntarily adopt Integrated Reporting. This action by SEBI puts corporate reporting at the center of the current story of innovation and reform in the Indian economy. The conditions for Integrated Reporting adoption have been created by SEBI's encouragement of an <IR> Lab, which is convened by the Confederation of Indian Industry, and which has seen some of India's leading companies trial and implement Integrated Reporting.

It is time for the United States to take a leadership role in enhancing the information provided to investors while considering whether the action will promote efficiency, competition, and capital formation. The IIRC stands ready to meet with and assist the SEC in achieving this leadership role. Please feel free to contact me at [REDACTED].

Sincerely,

Bob Laux

North American Lead

International Integrated Reporting Council
