

# Jeff LaBerge's Advice to SEC re: "Proposed Modifications to Regulation S-K" - San Diego CA

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## **File Number S7-11-191 CLASSIFICATION: For Public Release**

Thank you for the invitation to comment on SEC's proposed modifications to Regulation S-K, as prescribed regulation under the US Securities Act of 1933, lays out reporting requirements for various SEC filings used by public companies and has been a valuable resource for the investment community. However, times have changed and what were material disclosure topics when the regulations were first written may no longer be relevant or useful to financial statement users. As such, I applaud the SEC for proposing changes to increase the overall readability of disclosures, remove repetitive and immaterial disclosures and reduce the compliance burden on companies.

The revision to Item 101(a) would change this to be largely principles-based, requiring disclosure of information material to general development of the business and eliminating a prescribed timeframe for this disclosure. I would fully support this amendment, as well as requiring that all subsequent filings only include an update of new developments, focusing those occurring during that reporting period with a hyperlink to the registrant's most recent filing. This would provide stakeholders with adequate access to all relevant information, while reducing redundancy.

The revision to Item 101(c) attempts to clarify and expand its principles-based approach, specifically to include as a disclosure topic, human capital resources, including any human capital measures or objectives that management focuses on in managing the business, to the extent such disclosures would be material to an understanding of the registrant's business. This framework would provide much more meaningful information and insight into how management is running the business.

The new focus on human capital is also critical. As the Chairman Clayton recently pointed out, the current regulations were adopted at a time when companies' most valuable assets were plant, property and equipment, while human capital and management were considered a cost item. In today's world, human capital and IP often signify "an essential resource and driver of performance for many companies. This is a shift from human capital being viewed, at least from an income statement perspective, as a cost." It is however, critical that these disclosure requirements strike the right balance between standardization to avoid compliance issues as well as flexibility that is applicable across multiple industries.

Regulatory compliance is also becoming more relevant in today's world, so I would also support the requirement to include material government regulations, not just environmental laws, as a topic.

Overall, I believe the proposed revisions to Regulation S-K Items 101, 103, and 105, as written, would accomplish the goal of providing registrants with more flexibility to tailor disclosures and ultimately, provide more meaningful information to investors and other users of these statement.

Respectfully submitted by,

*Jeff LaBerge, San Diego CA*

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