

SEC Amends Rules for MD&A and other Financial Disclosures

Alert

11.23.2020

The SEC [adopted amendments](#) intended to modernize, simplify and enhance certain financial disclosure requirements in Regulation S-K, including rules related to Management's Discussion and Analysis (MD&A).

The changes to Items 301, 302 and 303 of Regulation S-K include:

- Eliminating Item 301 (Selected Financial Data)
- Modernizing, simplifying and streamlining Item 302(a) (Supplementary Financial Information) and Item 303 (MD&A). Specifically, these amendments:
 - Revise Item 302(a) to replace the current requirement for quarterly tabular disclosure with a principles-based requirement for material retrospective changes
 - Add a new Item 303(a), Objective, to state the principal objectives of MD&A
 - Amend current Item 303(a)(1) and (2) (amended Item 303(b)(1)) to modernize, enhance and clarify disclosure requirements for liquidity and capital resources
 - Amend current Item 303(a)(3) (amended Item 303(b)(2)) to clarify, modernize and streamline disclosure requirements for results of operations
 - Add a new Item 303(b)(3), Critical accounting estimates, to clarify and codify commission guidance on critical accounting estimates
 - Replace current Item 303(a)(4), Off-balance sheet arrangements, with an instruction to discuss such obligations in the broader context of MD&A
 - Eliminate current Item 303(a)(5), Tabular disclosure of contractual obligations, in light of the amended disclosure requirements for liquidity and capital resources and certain overlap with

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information required in the financial statements

- Amend current Item 303(b), Interim periods (amended Item 303(c)) to modernize, clarify and streamline the item and allow for flexibility in the comparison of interim periods to help registrants provide a more tailored and meaningful analysis relevant to their business cycles

The amendments will become effective 30 days after they are published in the Federal Register. Registrants are required to comply with the rule beginning with the first fiscal year ending on or after the date that is 210 days after publication in the Federal Register (the "mandatory compliance date"). Registrants will be required to apply the amended rules in a registration statement and prospectus that on its initial filing date is required to contain financial statements for a period on or after the mandatory compliance date. Although registrants will not be required to apply the amended rules until their mandatory compliance date, they may comply with the final amendments any time after the effective date, so long as they provide disclosure responsive to an amended item in its entirety.

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