

**MEMO# 10883**

April 9, 1999

## **INSTITUTE COMMENTS ON SEC PROPOSED RULES ON INTERNATIONAL DISCLOSURE STANDARDS**

1 SEC Rel. Nos. 33-7637; 34-41014; Int. Ser. Rel. No. 1182 (Feb. 3, 1999). A copy of the proposal is available on the Commission's web site at [www.sec.gov/rules/proposed/33-7637.txt](http://www.sec.gov/rules/proposed/33-7637.txt). 2 IOSCO's report, "International Disclosure Standards for CrossBorder Offerings and Initial Listings by Foreign Issuers" (Sept. 1998), is available on IOSCO's web site at [www.iosco.org/docs-public/1998-intnl\\_disclosure\\_standards.html](http://www.iosco.org/docs-public/1998-intnl_disclosure_standards.html). 3 IOSCO and the SEC believe that promoting the use of a single disclosure document that would be accepted in multiple jurisdictions would facilitate the cross-border flow of securities and capital, ultimately to the benefit of all investors. [10883] April 9, 1999 TO: INTERNATIONAL COMMITTEE No. 15-99 SEC RULES COMMITTEE No. 26-99 RE: INSTITUTE COMMENTS ON SEC PROPOSED RULES ON INTERNATIONAL DISCLOSURE STANDARDS

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The Institute submitted comments today on the Securities and Exchange Commission's proposal to revise the disclosure requirements for foreign private issuers. The new disclosure standards would replace most of the non-financial statement disclosure requirements of Form 20-F, the basic disclosure document for foreign private issuers, and revise the definition of "foreign private issuer" under the Securities Act of 1933 and the Exchange Act of 1934.<sup>1</sup> The new disclosure standards are intended, in part, to conform to the international disclosure standards endorsed by the International Organization of Securities Commissions (IOSCO) at its annual meeting in September 1998.<sup>2</sup> IOSCO members, including the Commission, have been encouraged to take whatever steps are necessary in their own jurisdictions to accept disclosure documents prepared in accordance with those standards.<sup>3</sup> This proposal would be the Commission's first effort to permit such disclosure documents in the US. The Institute's comment letter supports the general approach embodied in the Commission's proposed changes to the disclosure standards for foreign private issuers. The letter states that these changes would facilitate cross-border investment without jeopardizing investor protection or changing the quality of the disclosure that US investors currently receive from foreign private issuers. The Institute expressed support for the IOSCO standards, noting that the IOSCO standards do not take a "lowest common denominator" approach but instead seek to ensure a high level of investor protection. The Institute's letter urged the Commission to work with IOSCO to secure adoption and implementation of the international disclosure standards by all IOSCO members. Mary S. Podesta Senior Counsel Attachment

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