

## Corporate & Financial Weekly Digest

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### **SEC's Division of Corporation Finance to Review Foreign Private Issuer Reporting Requirements**

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On March 8, Meredith Cross, the Director of the Securities and Exchange Commission's Division of Corporation Finance, delivered a speech at a conference in London in which she stated that the SEC would review its approach to regulating foreign private issuers.

Ms. Cross noted that in the past, foreign private issuers tended to consist of large companies that were listed on stock exchanges in their home countries and had only a secondary listing on an exchange in the United States. Under the current reporting regime, a foreign private issuer is required to file a Form 20-F with the SEC within 120 days of the end of its fiscal year and file on Form 6-K any material information that is required to be disclosed under the issuer's home country regulation. This regulatory regime was created under the theory that the United States, as an issuer's secondary trading market, should not drive that issuer's disclosure obligations. The SEC has noticed, however, that in recent years a "large percentage" of foreign private issuers that registered with the SEC were not listed in their home countries, and used either the New York Stock Exchange or NASDAQ as their only trading market. Yet these issuers are required to make only minimal disclosures under the current regulatory regime.

Accordingly, Ms. Cross stated that the focus of the SEC's review would be the following:

- Whether the current Form 6-K reporting regime is the appropriate model for issuers that are not listed in their home countries, or for all foreign private issuers generally;
- Whether an issuer that is (i) only listed in the United States, (ii) has a significant stockholder base in the United States and (iii) is not subject to its home country's reporting requirements should have disclosure requirements that are different from United States issuers, or should such issuers be required to file with the SEC quarterly reports on Form 10-Q and current reports on Form 8-K; and
- Whether these potentially revamped regulations should also apply to foreign private issuers that are listed, and subject to regulation, in their home countries.

Ms. Cross did not provide a specific time frame for the SEC's review, but did note that the review would be sensitive to the potential negative consequences associated with creating an overlapping disclosure regime for foreign private issuers that are already subject to reporting requirements in their home countries.

For more information, click [here](#).

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