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July 21, 2016

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Business and Financial Disclosure Required by Regulation S-K; File No. S7-06-16; Release Nos. 33-10064; 34-77599

Dear Secretary Fields:

Bloomberg LP welcomes the opportunity to comment on the concept release issued by the U.S. Securities and Exchange Commission ("SEC" or "Commission") on April 13, 2016, entitled Business and Financial Disclosure Required by Regulation S-K (the "Concept Release") which seeks public comment on modernizing certain business and financial disclosure requirements in Regulation S-K. We believe these issues are important to the efficiency of the capital markets, and have selected a number of questions from the Concept Release to which we provide responses based on areas of specialized expertise, particularly regarding access to data and sustainability.

Since the inception of Bloomberg LP in 1981, we have been committed to improving access to information. Michael Bloomberg founded the company to foster a more open and transparent bond market by delivering never before seen real-time information on fixed income during an era when bond markets were opaque. Since that time, we have brought transparency to all asset classes by delivering real-time information across equities, money markets, currencies, commodities and indices. One of our core principles is that we push markets to change – to help accelerate economic growth, social progress and cultural development. We do this by building complex tools and technologies, uniting diverse constituencies, creating level playing fields, and increasing transparency.

We thank you for your consideration of our comments and would be happy to discuss these issues further.

Sincerely,

Emil Efthimides, CFA
Global Regulatory Monitor, Equities

&

Lenora Suki, CFA
Head of Sustainable Finance Product Strategy
Bloomberg LP

Question 56: Should we require registrants to distinguish among their total number of persons employed, such as by distinguishing between:
- **full-time and part-time or seasonal employees;**
- **employees and independent contractors; or**
- **domestic and foreign employees?**

Employee data is vital in assessing a company's productivity and profitability through financial ratios that scale financial data down to the level of a single employee (revenue per employee, net income per employee). These ratios allow financial analysts to accurately compare companies of very different sizes by eliminating size advantages and providing a like-for-like comparison. To be able to perform this important analysis, the user community needs registrants to report employee data as consistently as they report revenue, net income and other financial metrics. The breakdown outlined in the Concept Release (full-time/part-time, employees/contractors, domestic/foreign) will provide consistent data to the markets and improve the current state of disclosure. The number of individuals employed by the firm (full-time) should be reported explicitly, not only full-time equivalents. Geographic breakdown of employees often pronounces a firm's regional operational intensity more so than disclosure of assets by region.

Question 63: Should we require property disclosure only for registrants in certain industries? If so, how should we identify these industries?

The primary industry where property disclosure is relevant is Real Estate Investment Trusts (REITs). Disclosure for this sector could be improved by requiring the specific address for each property thus facilitating identification by users of the data.

Question 80: Is fourth quarter information, which is required under Item 302(a) but not in the annual financial statements, important to investors? Do the other instances where disclosure required by Item 302(a) is not duplicative of previously provided disclosure merit retaining the item? Why or why not?

Fourth-quarter information is as important as any other quarterly disclosure; however, it is omitted from filings in favor of annual information. A company can have many important activities in the quarter, which can only be inferred from the annual report. Typically fourth-quarter data will only be disclosed in a company's 8-K filing announcing its yearly results. In its absence, analysts derive the fourth quarter from the annual and the three previously filed quarters; any numbers derived by this method are at best approximate. If a requirement to file a full fourth-quarter report is too onerous a burden to impose on registrants, Selected Quarterly Data could be enhanced to include more data from the income statement beyond revenues, net income and earnings per share.

Question 103: Should we revise Item 303 to include a principles-based requirement for all registrants to disclose performance metrics and other key variables important to their business? Why or why not?

A complete representation of a company's performance includes industry-relevant, material,

non-financial indicators. Airlines, telecommunications and mining companies each have a different set of indicators more likely to be material based on their operational profile. A principles-based approach allows companies to make a materiality determination and report on industry pertinent key indicators, such as those suggested by the Sustainability Accounting Standards Board ("SASB"), that are comparable and decision-useful to investors.

Question 104: Should we require disclosure of any commentary, analysis, performance indicators or business drivers related to a registrant's key indicators? If so, why? For example, would it be feasible to adopt prescriptive requirements for discussion of specific performance metrics that are applicable to an entire industry and are easily comparable between registrants?

Going beyond principles-based disclosure in item 103 above, the Commission could require disclosure of specific key performance indicators that are key to the industries discussed in the preceding response. One problem with current disclosure is that registrants calculate the same metric differently. Creating guidelines for the way to report industry-specific items would improve comparability between registrants in the same industry sector, and in turn enhance transparency and ultimately market efficiency.

Media – The cable TV industry is an example of broad disclosure. Public cable companies release trending schedules quarterly that provide a detailed historical analysis of operating metrics across their business lines.

Insurance – This is an example where disclosures are highly inconsistent across companies and can readily be enhanced. Life insurers are typically quite sensitive to interest rates because policyholder cash balances and annuities earn a "crediting rate" that is funded with insurer investment income, which varies according to interest rates.

Some insurers provide the interest spread (in percentage points) between investment income and the amount credited to policyholders. Others don't provide this information. This is core data that is a key driver for any life insurer offering such policies. To make things more complicated, there are several product types that generate different spreads. Examples include annuities, whole life policies, and variable life policies.

Determining when spreads should be disclosed and how (on a segment basis or product basis) are topics requiring further evaluation. Investors would be well served if companies followed an industry standard, but it is not immediately obvious what that standard might be.

Industrials – In the engineering and construction sector, as well as defense, how companies define backlog is not standardized (some put in on hand-shake, others when a certain percentage of the project has been funded).

For engineering and construction, disclosures around percentage of completion accounting, which if fully transparent would be on a project level basis, is not done. For example, Boeing uses percentage of completion but Airbus does not.

For autos and industrial, disclosures around pensions – how much cash they will need to fund, and sensitivity analysis – is not consistently disclosed.

Telecommunications – While the leading telecommunications companies all provide a significant amount of detail on their business, the consistency with which they provide key metrics can change quite suddenly. Restructuring and restatements of revenue segments is common. For example, Verizon stopped reporting average revenue per unit ("ARPU"), opting instead to report average revenue per account, where an account, like a family plan, might include several users. This occurred at a time when all the other telecommunications companies continued reporting ARPU, making an apples-to-apples comparison impossible. Verizon stopped reporting data revenue, a key metric, after data revenue growth began to slow.

To summarize, we would like the agency to institute more stringent reporting requirements, making it more difficult for carriers to change revenue segment classification on a whim and requiring them to disclose key metrics in an on-going, consistent manner. Right now, the reporting of key metrics like wireless revenue, data revenue and ARPU is optional.

Question 106: What would be the costs and benefits of requiring registrants in certain industries to disclose standardized performance metrics? How could we identify which performance metrics should be standardized across an industry?

Costs are for the registrants to discuss although all the metrics discussed below are disclosed by at least some registrants, suggesting that they are manageable. The benefits for investors are great. Operating data is often as important as financial data or more so in evaluating certain industries. Often it is the operating data which moves the market not the financial results. Important operating metrics for specific industries follow:

Retail – Consistent disclosure of same store sales and square footage. Same stores for some retailers includes e-commerce and foreign stores but not for others, time frames can be different (12, 13 or even 24 months), remodeled/relocated stores may or may not be included, disclosure is by banner instead of for the company as a whole. Square footage is disclosed as either total or retail by most registrants but few report both, which makes key metrics such as sales per square foot not comparable between competitors.

E-Commerce – User data is key in this industry: Daily Active Users ("DAU"), Monthly Active Users ("MAU"), Annual Active Buyers, Number of Subscribers, Gross Merchandise Volume ("GMV"). Mobile MAU and DAU are important metrics to determine consumer migration to mobile devices. Registrants tend to be inconsistent in disclosing this data. Others, such as Amazon, do not disclose any of this information.

Oil & Gas – Consistent disclosure on derivatives, clearly stating total volume hedged and price as well as the hedge ratio. Beyond that, investors compare companies of different size on the basis of per-barrel data thus it would be helpful for registrants to disclose revenue and expense per barrel of oil equivalent. Expenses should clearly break out the components of production costs and lease operating expenses for better insight into company operations. Finally, results of

operations are not disclosed by all companies and should be as it discloses the profitability of the core exploration and development business.

Pharmaceuticals – The actual number of drugs in each phase of the pipeline (Phase 1, 2 and 3).

Trucking – Consistent disclosure of metrics such as revenue per loaded mile, revenue per total mile, average miles per tractor, average length of haul, total miles, loaded miles and truck fleet.

Railroads – We believe railroads have disclosure overall but all rails should report core pricing increases/same store sales growth.

Utilities – More disclosure for rate cases: rate base, rate increases, allowed return on equity ("ROEs"), earned ROEs, allowed equity ratio. Also rate base by generation, transmission and distribution assets and customer statistics such as weather-normalized growth by customer type should also be considered. More power plant information: revenue, power prices, output, fuel cost, operations and maintenance, capacity price, capacity revenue, and fuel hubs for each plant.

<u>Question 122</u>: Should we revise Item 303 to require specific line-item disclosure of a registrant's use and analysis of short-term borrowings as a source of funding? Are there aspects of the 2010 proposal we should revisit? Would doing so lead to any additional disclosure or analysis that registrants do not already provide under current requirements and guidance? Should we consider other qualitative or quantitative measures for disclosure of short-term borrowings? If so, what measures should we consider?

Registrants' disclosure is far more detailed in 10-Ks than Qs for overdrafts, commercial paper, the current portion of long-term debt and capital lease obligations. The main component that would improve disclosure is to have the same level of granularity in 10-Qs that is available in the 10-K. In the case of banks, disclosure would include repurchase agreements, federal funds borrowings and similar items. In all cases the average daily balance allows for more effective analysis of funding than the end-of-period value.

<u>Question 134</u>: Item 303(a)(5) requires disclosure of five categories of contractual obligations. Should we expand the rule to include other categories of contractual obligations and if so, what categories should we consider?

An improvement on current disclosure would be for capital lease interest to be a separate line-item in the contractual obligations table. This would coincide with the disclosure outlined in Concept Release Question 122 above and allow for better identification of capital leases as they appear on the balance sheet.

An enhancement to current disclosure would be to include pension and insurance obligations by amount due by year.

Additionally, better display of contractual obligation payments due by period would enhance debt service analysis, as well as including in contractual obligations those payments due in less

than one year which are short-term in nature and are currently excluded.

Question 200: Should we require more granular information on repurchases of a registrant's equity securities? If so, what additional detail or more granular information should we require? For example, should we require disclosure about incurrence of indebtedness to fund repurchases or the impact repurchases had on performance measures, such as earnings per share or other items? If so, how should this information be formatted and presented?

Current disclosure of share repurchases is consistent and complete as every company uses the same standard table that includes the number of shares repurchased, average price paid, number of shares repurchased as part of a previously announced program, and the maximum remaining number of shares available to be repurchased per the announced program. One area of inconsistency is with the aggregated weighted average price paid. Some companies provide this, while others do not. As an enhancement, the aggregate weighted price could be disclosed along with the monthly values. Another enhancement would be for companies to include in their 10-K the full year's aggregate numbers along with the three-month values for the fourth quarter. Currently most companies only provide the Q4 figures.

Question 216: Are there specific sustainability or public policy issues important to informed voting and investment decisions? If so, what are they? If we were to adopt specific disclosure requirements involving sustainability or public policy issues, how could our rules elicit meaningful disclosure on such issues? How could we create a disclosure framework that would be flexible enough to address such issues as they evolve over time? Alternatively, what additional commission or staff guidance if any, would be necessary to elicit meaningful disclosure on such issues?

SEC guidance on a sustainability reporting framework would support more focused, investment quality and decision-useful disclosures for investors rather than registrants' multi-stakeholder communications. Current disclosures on sustainability matters in SEC filings rely on boilerplate language or are broad, sweeping statements on legal or regulatory risk, hindering signals to investors on real asset or operating risk.

On the Bloomberg Professional service, investors are using and requesting more comparable, quantitative investment-quality information on environmental and social performance indicators (i.e., Greenhouse Gas Emissions per Revenue, employee turnover, etc.)

SASB has developed industry specific guidance for disclosure on sustainability-related matters likely to be material to investors. SASB's guidance is geared toward the disclosure of material metrics in 10-K, 20-F filings, including the management discussion and analysis ("MD&A"). Adoption of the SASB standard would improve comparability of quantitative indicators and allow for relative operational performance analysis amongst peer firms. SASB's process includes regular reviews to address and capture evolving sustainability issues over time.

Specifically related to voting matters, the investment community is under-informed on executive performance metrics for incentive plan awards in voting for or against the remuneration

packages for executives.

The following additional themes are becoming increasingly important to informed voting and investment decisions: climate risk; environmental pollution and degradation; energy use and emissions intensity; water intensity of production in places of water stress; product development and mix relative to emerging social and sustainability needs; quantum of capex required for investments related to sustainability; health and safety risks to workers and plant, property and equipment (PPE"); diversity of employees and senior decision makers; independence and qualification of Board members (esp. to address sustainability driven business risks); and financing via instruments like green bonds related to sustainability goals as well as fulfillment of sustainability commitments made to investors in debt pledges and covenants.

Frameworks for disclosure and guidance should encourage inclusion of meaningful discussions in the MD&A and reporting alongside financial information – in quantitative form where possible – and recognize emerging cross-asset class and cross-organizational nature of sustainability investments (e.g. at various levels of company, with varying degrees of completeness of information being reported).

Flexibility is critical because of rapid global change and the impact on business and financial markets, examples of which include extreme weather patterns, rapid transformation of land use, evolution of energy systems, increasing reliance on human capital, growth of the importance of intangible value and an expanding regulatory frontier, to name a few.

Another reason for flexibility is the cost of generating useful information. Large issuers can shoulder the cost of extensive sustainability reporting more easily than small and mid-cap companies.

Small- and mid-cap equity issuers, as well as smaller private issuers of public high yield debt, for example, should be able to meet a floor for initiating and over time deepening commitment to sustainability reporting in line with evolving business risks and opportunities.

To reflect the changing landscape for material disclosures, one mechanism would be regular consultations between sustainability reporters and users of sustainability reporting via established consultative bodies with the mandate to provide input to the regulatory process. SASB is an example of a vetted platform for translating such discussions into guidance and reporting frameworks.

SEC guidance would be useful for encouraging translation of environmental and social issues into mainstream, commonly understood and analyzed financial information that can be used for valuation and company analysis (e.g., going from carbon reported to amount of reserves at risk or from acknowledgement of regulatory changes requiring new investments to financial impacts on capex and new plants, property and equipment).

Question 217. Would line-item requirements for disclosure about sustainability or public policy issues cause registrants to disclose information that is not material to investors? Would these disclosures obscure information that is important to

and understanding of a registrant's business and financial condition? Why or why not?

Line-item requirements should not be required for sustainability performance information as disclosures have industry-specific dimensions or indeterminate materiality. Such requirements would obscure the disclosure of relevant information and increase the reporting costs for companies. Instead, registrants should follow the industry specific guidance developed by SASB, supported by research and industry input on metrics material to companies operating in various sectors.

Blanket line item disclosures risk creating overly homogeneous and prescriptive disclosures that miss distinctions in the relevance of industry specific sustainability issues. This could inadvertently encourage company management to approach sustainability disclosures as a box ticking exercise rather than a thoughtful analysis of business risks, opportunities and decision-making

Sustainability information is currently different from other information that companies already report because, despite substantial costs, risks and rewards attached to this information, it's missing from reports where information is mostly sourced for company financial analysis and investment decision-making.

Companies already report information in their required disclosures that range in relevance for investors and financial decision makers. As with any other information, companies have incentives to obfuscate and have done so in crisis after crisis.

Sustainability information, as any other, can be used to illuminate or obfuscate. Management's responsibility is to report in ways that deepen understanding about value creation and risk management, regardless of the information type.

Ideally, this information should be presented in ways that are relevant to financial decision-making.

Question 218. Some registrants already provide information about ESG matters in sustainability or corporate social responsibility reports on their websites. Corporate sustainability reports may also be available in databases aggregating such reports. Why do some registrants choose to provide sustainability information outside of their Commission filings? Is the information provided on company websites sufficient to address investor needs? What are the advantages and disadvantages of registrants providing such disclosure on their websites? How important to investors is integrated reporting? If we permitted registrants to use information on their websites to satisfy an ESG disclosure requirement, how would this affect the comparability and consistency of disclosure?

Voluntary sustainability or corporate responsibility reporting often lacks standardization and comprehensive reporting and is less likely to enable a meaningful analysis of the company's operations. Investors are hesitant to trust the veracity of data that is restated historically without methodological explanation and unaudited. The data should align to a company's fiscal year and full operational scope in order to size it with fundamental information.

SEC guidance and the inclusion of material sustainability information in filings would reduce selective disclosures or omissions of important information, ensure registrants have considered

materiality, and lend greater weight to data accuracy. The inclusion of data in registrants filings with the Commission increase the likelihood it would be audited, considered material by the company and its general counsel and offer shareholders a more complete presentation of the company's annual performance.

Integrated reporting ensures that investor relevant and material information is released at the same time as detailed audited financial information is released. This will also improve discoverability of the data for investors.

Companies report in separate sustainability reports for many reasons: raise the visibility of innovation or forward thinking not sufficiently developed to merit inclusion in mainstream financial reporting; highlight corporate culture and attract talent interested in forward thinking, sustainability minded employers; communicate with stakeholders or watchdog groups with complaints; marketing and reputational benefits or rehabilitation; and magnify incremental initiatives with little meaningful impact on business, to list a few.

Some information in websites is useful but more often website reporting has challenges: unpredictable frequency; non-transparent percentage of coverage of business operations; non-comparable metrics from peers; reporting on changes from year to year (e.g., energy efficiency percentage achieved) instead of absolute historical values; and cherry picking for marketing purposes.

It would be preferable to have consistent, predictable, comparable information alongside financial data in mainstream financial reports.

If the information is on websites, information should be provided directly alongside information posted by investor relations departments related to financial and governance information, for similar periods, with similar accessibility to clarifications and with MD&A.

Question 219. In an effort to coordinate ESG disclosures, several organizations have published or are working on sustainability reporting frameworks. Currently, some registrants use these frameworks and provide voluntary ESG disclosures. If we propose line-item disclosure requirements on sustainability or public policy issues, which, if any, of these frameworks should we consider in developing any additional disclosure requirements?

Any potential line-item requirements or guidance should be industry-specific.

Standards created by SASB are developed specifically for use by US companies in SEC filings. Bloomberg LP has supported this work as an intermediary between analysts and portfolio managers, and issuers of the information. Michael Bloomberg is also Chair of the SASB Board.

Bloomberg LP acknowledges the range and frequency of disclosure survey requests of issuers to disclose on particular sustainability performance information. SEC guidance for disclosure of material ESG information in a registrant's filings could reduce the reporting burden and minimize existing information inefficiencies.

Question 220. Are the sustainability or public policy issues for which line-item disclosure requirements would be consistent with the Commission's rulemaking

authority and our mission to protect investors, maintain fair, orderly and efficient markets and facilitate capital formation, as described in Section III.A.1 of this release? If so, how could we address the evolving nature of such issues and keep our disclosure requirements current?

The world is changing rapidly already in terms of the amount of information available in the financial markets and the tools and investment products available to leverage that information, as well as the effects of climate change and the socioeconomic and demographic megatrends that are shaping capital markets in the 21st century. Because some of these changes are already causing certain market disruptions (as only a few examples, decline of the coal industry, rapid transformation of the energy industry, increasing use of artificial intelligence in financial information and product development), we believe it is consistent with the SEC's authority and mission to integrate these considerations in rulemaking.

Because the attendant risks are likewise evolving rapidly, staying current of market evolution requires regular outreach and updating with market participants. To reflect the changing landscape for material disclosures, one mechanism would be regular consultations between sustainability reporters and users of sustainability reporting via established consultative bodies with the mandate to provide input to the regulatory process. SASB is an example of a vetted platform for translating such discussions into guidance and reporting frameworks

Question 221. What, if any, challenges would registrants face in preparing and providing this information? What would be additional costs of complying with sustainability or public policy line-item disclosure requirements, including the administrative and compliance costs of preparing and disseminating disclosures, beyond the costs associated with current levels of disclosure? Please quantify costs and expected changes in costs where possible.

Sustainability reporting has proliferated over the past five years and many listed companies in the US already assume costs of annual sustainability reporting. Reporting on fewer and more investor-targeted indicators may reduce the current costs for issuers.

SASB’s disclosure guidance entails, “data [that] are already collected by most companies or can be collected in a timely manner and at a reasonable cost.”

Question 223. In 2010, the Commission published an interpretive release to assist registrants in applying existing disclosure requirements to climate change matters. As part of the Disclosure Effectiveness Initiative, we received a number of comment letters suggesting that current climate change-related disclosures are insufficient. Are existing disclosure requirements adequate to elicit the information that would permit investors to evaluate material climate change risk? Why or why not? If not, what additional disclosure requirements or guidance would be appropriate to elicit that information?

The Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) is developing voluntary guidelines – developed by industry – for climate-related disclosure in financial filings and will release its recommendations at the end of 2016 and should provide issuers with further guidance on climate-related disclosure.

Question 261. Should we require registrants to disclose their LEI and the LEIs of their subsidiaries (if available) in the list of subsidiaries filed under Item 601(b)(21)? How would this information benefit investors? Should the industry in which the company operates or the extent to which the company engages in financial market transactions affect whether disclosure of LEIs is required? What would be the costs of requiring disclosure of this information?

Yes, registrants should provide their LEIs and the LEIs of their subsidiaries as part of the exhibit 21 section of the filing. From an investor perspective there would be no question as to who the actual subsidiary is if the LEI is provided. The use of the LEI is not only beneficial to financial industry participants but also relevant for other industry-type players. Again, the LEI is about identification and then creating the ability to be able to aggregate exposure to any single company, its hierarchal tree, or its industry. This is relevant for all party types. The cost to require disclosure should be minimal.

Question 262. Should our rules encourage registrants to obtain an LEI? If so, how could we structure our rules, consistent with our authority under the Securities Act and the Exchange Act, to achieve this purpose? For example, should we make obtaining and maintaining an LEI a condition to any of our existing disclosure accommodations or alternatives? Why or why not? If so, should such a condition be limited to certain types of registrants, such as those operating in financial services? For registrants that have not obtained an LEI, will these registrants seek to obtain an LEI in the future absent any regulatory incentive to do so? In addition to the fees for obtaining and maintaining an LEI, would there be other costs associated with obtaining LEIs?

Yes, all filers should be encouraged to obtain an LEI. We believe an LEI makes the markets more transparent. The SEC should make it mandatory for an entity that files to register for an LEI and should not be limited to entities within the financial sector. The only cost associated with an LEI is the initial registration fee and the annual maintenance fee to keep the identifier up-to-date and not lapsed.

Question 263. Some registrants may have hundreds or thousands of subsidiaries or affiliates operating globally while other registrants have simple corporate structures. If we required registrants to disclose LEIs (if available) in the list of significant subsidiaries, should we limit the requirement to larger registrants or larger subsidiaries, independent of the industry in which the registrant operates? For example, should we limit the requirement to large accelerated filers or well-known seasoned issuers (WKSIs)?

If the LEI is already obtained, then one should be required to disclose it. The costs to get an LEI needs to be weighed against the benefits of providing it if that entity does not engage in regulated financial transactions.

Question 278. Do investors, registrants and the markets benefit from quarterly reporting? What are the benefits and costs to investors, registrants and the markets from the current system of quarterly reporting? Should we revise or eliminate our rules requiring quarterly reporting? Why or why not?

Quarterly reporting allows the investing public to keep tabs on a company regularly. Decisions to

curtail quarterly reporting are a step backwards in terms of transparency and accountability and would negatively impact market efficiency.

Question 279. Should the reporting requirements be different for different types of registrants? Should we consider permitting SRCs to file periodic reports on a less frequent basis, such as semi-annually? If so, what disclosures should we require in those reports?

Quarterly reporting is as important for smaller reporting companies as for market leaders, if not more so given that small companies receive less attention from analysts. Problems in SRCs are likely to elude attention for longer periods of time than highly liquid companies that receive a lot of market attention.

Question 321. Would further prescribing the order and format for presenting information in annual or quarterly reports improve readability or increase comparability across registrants? Would such standardized requirements enhance the ability of investors and third parties to use disclosures, including for large-scale processing and analyses, in a more timely and efficient way?

We agree with prior commenters that investors want quantitative tables wherever possible, as well as graphics and charts to better communicate operational data.