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August 2, 2017

Via E-mail: rule-comments@sec.gov

Securities and Exchange Commission,  
100 F Street, N.E.,  
Washington, D.C. 20549-1090.

Attention: Mr. Brent J. Fields, Secretary

Re: Disclosure Update and Simplification: File No. S7-15-16

Ladies and Gentlemen:

We appreciate the opportunity to comment, in the context of the Commission's review of certain disclosure requirements "that may have become redundant, duplicative, overlapping, outdated or suspended,"<sup>1</sup> on one point that we believe raises substantive concerns meriting further study.

The Commission's proposing release, in Section III.D.1, discusses the partially overlapping requirements of Regulation S-X Rule 3A-02(d) (requiring disclosure of foreign subsidiaries' currency exchange restrictions) and Rule 3-20(b) (requiring various currency-related disclosures, including as to the impact of currency exchange controls). Almost as an afterthought, and based on no explicit explanation or analysis, the release states that the Commission also proposes to amend Rule 3-20(a) to require any non-foreign private issuer to present its financial statements in U.S. dollars. We think this represents a significant change, on a point of some complexity, that at the very least deserves a thorough, on-the-record, explanation.

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<sup>1</sup> Release Nos. 33-10110, 34-78310, IC-32175 (July 13, 2016).

Our understanding has been that U.S. GAAP does not require reporting in U.S. dollars. ASC 830-10-15-4 states that “a currency other than the U.S. dollar may be the reporting currency in financial statements that are prepared in conformity with U.S. generally accepted accounting principles”. This does not appear to turn on the domestic vs. foreign status of the issuer. We also understood that the staff of the Commission had traditionally, at least as a conceptual matter and in limited circumstances, been open to the possibility of domestic issuers reporting in other than U.S. dollars. Under current rules, a reporting company would therefore appear to have at least some flexibility to choose a reporting currency in light of its particular circumstances. The proposed amendment to Rule 3-20(a) would eliminate this flexibility for all domestic issuers, as well as for any foreign issuer that loses “foreign private issuer” status; such issuers would be required to report in U.S. dollars, whatever their past practice or other circumstances. The proposing release contains no explanation for or analysis of the proposed change.

In our practice, perhaps the most likely way that a foreign issuer might lose “foreign private issuer” status would be to effect a large U.S. acquisition for stock. Depending on the circumstances, we expect that the appropriate reporting currency post-acquisition might be an interesting and complex question for issuers in this situation. The proposed rule instead takes a one-size-fits-all approach. Moreover, an inflexible requirement to change reporting currencies could serve as a disincentive to making such acquisitions, and thus to in-bound investment in the United States. The proposing release gives no indication that any of these aspects has been considered in connection with the proposed amendment to Rule 3-20(a). We are frankly skeptical of the merits of this proposed change, but would respectfully submit that, in any event, such a change should only be implemented after a careful review of its possible implications, not as an unexplained technical amendment.

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If you would like to discuss our letter, please feel free to contact Robert E. Buckholz at [REDACTED] or Robert W. Downes at [REDACTED].

Very truly yours,

A handwritten signature in cursive script that reads "Sullivan & Cromwell LLP".

Sullivan & Cromwell LLP