

21<sup>st</sup> CENTURY

DISCLOSURE INITIATIVE



The Securities and Exchange Commission:  
21<sup>st</sup> Century Disclosure Initiative

September 9, 2008



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## THE SEC'S MISSION

The mission of the SEC is to protect investors;  
maintain fair, orderly, and efficient markets;  
and facilitate capital formation.



## 21<sup>st</sup> Century Disclosure Initiative

- Our charge, as announced by Chairman Cox in June, 2008, is to modernize the disclosure system so that the information the Commission requires from operating and investment companies is more useful and transparent to investors, the marketplace, and the Commission, all while harnessing the conveniences and efficiencies of technology.
- This agency-wide staff initiative has three phases. In the first phase, the staff of the Commission, led by Bill Lutz, Ph.D., J.D., will prepare by December 31, 2008, a high-level plan to help the Commission to make the transition to an interactive company file system.



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- In the second phase, the Commission will be asked to establish a Federal Advisory Committee in early 2009. The Advisory Committee would review our plan and make recommendations to the Commission for implementing it.
- In the final, multi-year phase, the Commission would consider and begin acting on the Advisory Committee's recommendations, engaging the Commission's normal notice and comment rulemaking process.

We encourage and welcome public comment and participation throughout each phase.



## Our Thesis

- The modern marketplace increasingly harnesses the latest technologies to collect, analyze, and share information electronically and in an increasingly dynamic and interactive manner.
- For many years, the Commission's EDGAR disclosure system has been effective in collecting disclosure information and making it available to users. But modern technologies would allow for significant improvements to our disclosure system.
- A modernized disclosure system will collect, manage, and provide interactive data. This data will be dynamic, accessible, easier to use, and of high quality, and will provide the Commission with tools to better fulfill its mission of protecting investors, maintaining orderly markets, and facilitating the formation of capital.



## Proposal

The SEC should build on and accelerate its transition from the current system of collecting data to a company file system that is:

- Accessible and easier to use,
- Dynamic, and
- Organized around core company information.



## What is a Company File System?

A company file system would collect core information about a company or fund in a centrally and logically organized interactive data file. Companies would supplement that information with the current, periodic and transactional information that is currently required by Commission disclosure regulations.





## Potential Benefits of a Company File System

- Saves costs and time for filers by removing complexity and redundancy.
- Allows all investors, whether institutional or retail, improved access to the information they want, when they want it, and how they want it.
- Allows the Commission to improve its regulatory and enforcement activities by building tools that take advantage of modern technologies.



## Future Benefits of a Company File System

A fully implemented company file system would facilitate Commission consideration of:

- Further streamlining of our current substantive disclosure requirements,
- Further expansion of the shelf registration system in light of improved investor access to company information, and
- Alternative models of disclosure consistent with the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940.



## What this Initiative is Not

- We do not anticipate the need for legislative action to implement a company file system.
- Information that is currently contained in prospectuses, proxy statements, annual reports, and other documents could still be delivered by mail and made available in paper.
- The liability provisions contained in the securities laws would remain as robust as ever.



## Strategic Plan: Goal

Produce a comprehensive plan by December 31, 2008, for making the transition from our current disclosure system to a company file system that is:

- Accessible and easier to use,
- Dynamic, and
- Organized around core company information.



## Strategic Plan: Four Objectives

Objective 1: Describe the present state of data preparation, collection, dissemination, and retrieval.

Objective 2: Describe:

- a disclosure system that uses 21<sup>st</sup> century information technology,
- how to make the transition from the current disclosure system to a company file system,
- while serving the SEC's mission.



## Strategic Plan: Four Objectives

Objective 3: Prepare a high-level plan and potential timetable for implementation.

Objective 4: Recommend that the Commission establish a Federal Advisory Committee.



## Proposed Timetable

- September 2008: Formal announcement of public roundtable and request for written comments.
- October 8: Public roundtable discussing these topics.
- October 22: Submission deadline for written comments on roundtable topics. More information on the comment process will be made available on the Commission's website.
- December 31: Final report of Initiative.
- January 2009: Commission establishes Federal Advisory Committee.

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For More Information

See our website at:

[www.sec.gov/DisclosureInitiative](http://www.sec.gov/DisclosureInitiative)



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## Contact Us

Our telephone is (202) 551-4144.

Our mailbox for general inquiries and comments can be found on the SEC's website and is [DisclosureInitiative@sec.gov](mailto:DisclosureInitiative@sec.gov).