



The Association of
Accountants and
Financial Professionals
in Business

December 15, 2017

Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File No. S7-08-17, *FAST Act Modernization and Simplification of Regulation S-K*

Dear Secretary:

The Financial Reporting Committee (FRC) of the Institute of Management Accountants (IMA) is writing to share its views on the SEC's proposed rule, File No. S7-08-17, *FAST Act Modernization and Simplification of Regulation S-K* (Proposed Amendments).

The IMA is a global association representing over 90,000 accountants and finance team professionals. Our members work inside organizations of various sizes, industries and types, including manufacturing and services, public and private enterprises, not-for-profit organizations, academic institutions, government entities and multinational corporations. The FRC is the financial reporting technical committee of the IMA. The committee includes preparers of financial statements for some of the largest companies in the world, representatives from the world's largest accounting firms, valuation experts, accounting consultants, academics and analysts. The FRC reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations. Additional information on the FRC can be found at www.imanet.org (About IMA, Advocacy Activity, Areas of Advocacy, Financial Reporting Committee).

OVERALL COMMENTS

We support the general direction of the Proposed Amendments, and recognize they are designed primarily to implement Section 72003 of the Fixing America's Surface Transportation Act. At the same time, we believe there is much more that can and should be done to leverage developments in technology for delivering information. Registrants are communicating with their public stakeholders using media such as presentations and audio and video clips made available on their websites and on social media. It is our experience that information delivered by these means garners much more attention than the textual disclosures in traditional filings.

We appreciate that the staff has considered in this project comments received on the concept release on business and financial disclosures required by Regulation S-K (Concept Release). We support further attention being given to the topics raised in, and comments received on, the Concept Release, and recommend that the staff works with the FASB on its Disclosure Framework, Simplification and Performance Reporting projects. We also recommend that thought be given to possibilities presented by potential future technology developments in areas such as artificial intelligence, machine learning, etc.



COMMENTS ON SPECIFIC TOPICS

Description of Property. These disclosures have devolved to boilerplate that is only omitted if the cost and value of the properties themselves are immaterial to the balance sheet, and sometimes not even then. We recommend properties be discussed only if they present specific risks, such as risk of expropriation of an oil and gas facility by an unstable government. Focusing on risks can help investors by reducing overall disclosure volume while providing focused disclosures of greater value.

Management's Discussion and Analysis (MD&A). We appreciate the acknowledgement of the lack of value in repetition of the earlier year comparison in MD&A (i.e., first preceding year vs. second preceding year). However, we do not believe that a materiality screen will help reduce repetition because it will be too tempting, in consideration of ever-present litigation exposure, to simply repeat disclosure made in the prior year rather than document a case that omission is immaterial. We recommend instead that the requirement for an earlier year comparison be deleted (except where the financial statements have been restated) and suggest a requirement be added to comment on multi-year trends, which would replace boilerplate with more meaningful disclosure.

Redaction of Confidential Information. The ability to redact confidential and competitively harmful information (pricing in related party agreements is just one of many examples) is vital to avoid causing undue harm to registrants in competitive and/or litigious situations. We support the proposal to eliminate the requirement to file a confidential treatment request to be able to redact such information from exhibits. We believe this proposal will streamline this part of the securities law compliance process without negatively impacting investor protection.

Incorporation by Reference. This is a great idea that has functioned well. It could be enhanced through the use of technology, possibly by use of hyperlinks provided issues relating to safe harbor, whether information is in the scope of the audit, etc. can be addressed. We encourage the staff to continue to pursue how to better leverage technology in financial reporting. In the meantime, we believe the option to incorporate by reference should be retained.

Manner of Delivery and Addition of Legal Entity Identifiers (LEI). We note the staff is proposing to expand the tagging in XBRL of cover page data for operating company registrants. As we commented in response to the Concept Release, we believe that XBRL was an important initiative when conceived and implemented but that its results have fallen short of investor expectations. We question the extent to which currently tagged XBRL data is used (other by data aggregators), and therefore recommend that usage be assessed prior to any expansion of XBRL requirements. We also question who would use LEIs other than data aggregators. Our large multinational preparer members note that the proposed addition would be time consuming in a time constrained period.

PROCESS SUGGESTION FOR ROUTINE CHANGES

We note that some of the changes included in the Proposed Amendments are of a routine nature, such as to conform to other standard setting changes. It may be more efficient to adopt a periodic process for such routine changes that does not require public exposure.



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We would be pleased to discuss our comments with the SEC staff at their convenience.

Sincerely,

A handwritten signature in blue ink that reads "N. Schroeder". The signature is written in a cursive style and is placed over a light blue rectangular background.

Nancy J. Schroeder, CPA
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Institute of Management Accountants
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