SEC REGULATIONS COMMITTEE
Joint Meeting with SEC Staff
March 12, 2002
SEC Headquarters - Washington, D.C.

HIGHLIGHTS

NOTICE: The AICPA SEC Regulations Committee meets periodically with the staff of the SEC to discuss emerging technical accounting and reporting issues relating to SEC rules and regulations. The purpose of the following highlights is to summarize the issues discussed at the meetings. These highlights have not been considered and acted on by senior technical committees of the AICPA, or by the Financial Accounting Standards Board, and do not represent an official position of either organization.

In addition, these highlights are not authoritative positions or interpretations issued by the SEC or its staff. The highlights were not transcribed by the SEC and have not been considered or acted upon by the SEC or its staff. Accordingly, these highlights do not constitute an official statement of the views of the Commission or of the staff of the Commission.

I. ATTENDANCE

A. SEC Regulations Committee

Amy Ripepi, Chair
Jack Ciesielski
David Follet
John Gerdener
Wendy Hambleton
Jay Hartig
Chris Holmes
Gary Illiano
Jim Ledwith
Scott Pohlman
Sam Ranzilla
Roy Van Brunt
Tom Weirich
John Wolfson

B. Securities and Exchange Commission

Office of the Chief Accountant

Robert Herdman, Chief Accountant
Jack Albert, Associate Chief Accountant
Cathy Cole, Associate Chief Accountant

Shelly Luisi, Associate Chief Accountant

Division of Corporation Finance

Carol Stacey, Chief Accountant
Craig Olinger, Deputy Chief Accountant
Todd Hardiman, Associate Chief Accountant
Joel Levine, Associate Chief Accountant
Leslie Overton, Associate Chief Accountant

Division of Enforcement

Charles Niemeier, Chief Accountant

C. AICPA

Annette Schumacher Barr
Jennifer Roddy, SECPS

II. PERSONNEL CHANGES

Chief Accountant Bob Herdman stated that Carol Stacey has been named the new Chief Accountant for the Division of Corporation Finance. Cathy Cole has returned to the staff in the Office of the Chief Accountant.

III. STATUS UPDATES

A. Supplemental Financial Information Proposal

Jack Albert stated that there is no current timetable for finalization of the rules. Current schedule requirements are in effect until the new rules are finalized.

B. EDGAR Filings for Foreign Filers

The staff noted that the Office of International Corporation Finance is in the process of reviewing comment letters received on the proposed rulemaking (the comment period ended December 3, 2001). Craig Olinger stated that the staff expects the final rules to be issued later this summer. He added that it is unlikely that foreign issuers with calendar year-ends will be required to file this year's 20-F on EDGAR.

C. Guide 3 Revisions

Carol Stacey noted that the staff hopes to issue proposed revisions to Guide 3 by June 30.

D. Staff Review of Fortune 500 10-K Filings

Carol Stacey noted that the staff is currently screening Fortune 500 10-K filings to determine whether or not the filings should be reviewed. Each screening will result in one of the following conclusions:

A) No review;
B) Review of financial statements only;
C) Full review (i.e., accounting and legal); or
D) Targeted review.

The staff's goal is to complete the screenings by May 15.

Bob Herdman added that as part of this screening, the staff will be looking at MD&A disclosures in an effort to identify good illustrative examples. He stated that the FEI is in the process of developing a "Trends and Techniques" document to provide good examples of disclosures required under FR 60 and FR 61. He added that he would appreciate any input the Committee had to offer and suggested a coordinated effort with the FEI. Amy Ripepi agreed to contact David Sidwell at the FEI to discuss working together on this project.

E. Corporate Disclosures Proposals

Bob Herdman stated that he expects the Commission to issue proposed rulemakings regarding Form 8-K amendments and acceleration of periodic report filing dates within a month.

F. Staff Project to Review Existing Guidance

Jack Albert stated that the staff has a comprehensive project to review and update the guidance currently provided in the Staff Accounting Bulletins (SABs). The project will involve deleting information in the SABs that has become erroneous or irrelevant due to changes in the underlying accounting guidance that have occurred since the SABs were issued. Bob Herdman encouraged the Committee to provide input to the staff in this project.

IV. INCORPORATING OFFSHORE

Bob Herdman discussed a recent article in the New York Times referring to a "mega-trend" for companies to incorporate offshore. He referred specifically to a recent filing in which the registrant was incorporated in Bermuda, the audit firm dateline was in Bermuda, but the registrant's activities appeared to be conducted in the United States. Mr. Herdman expressed concern with the apparent disconnect between where the report is signed (e.g., Bermuda) and where there is

"substance attached," e.g., the audit work is performed mainly by a U.S. audit firm. Charlie Niemeier also expressed concerns regarding such situations from an enforcement perspective. The Committee suggested that the reasons for this practice may stem from legal requirements in the country of incorporation that the audit be signed by "local" auditors. Mr. Herdman asked the Committee to research the issue and share its findings with the staff. *As further discussed in the Highlights of the AICPA International Practices Task Force Meeting of May 23, 2002, the SEC staff has indicated that in these cases it would expect the U.S. firm to sign the report. In cases where there is a legal requirement for the local firm to sign the audit report, both firms should sign the opinion for the purposes of an SEC filing.*

V. "GROSS VERSUS NET" ISSUES IN CABLE NETWORK INDUSTRY

Bob Herdman stated that there is current diversity in the cable network industry with respect to the treatment of franchise fees. The staff believes such fees should be shown gross versus net of revenue.

VI. CURRENT PRACTICE ISSUES

Discussion Document A

Topic: Measuring Significance of an Acquisition Made After a Previously Reported Significant Acquisition

Question: A registrant reports a significant acquisition on Form 8-K with the appropriate historical financial statements of the target and pro forma information. A few months later the registrant files a new Form 10-K for the latest fiscal year and consummates a second significant acquisition. The pro forma information provided in the Form 8-K for the first acquisition was based on the registrant's prior fiscal year. Can the registrant update the pro forma financial information provided for the first acquisition for the latest fiscal year and use that information to measure significance of the second acquisition or must it use the historical information provided in the new Form 10-K to measure significance?

As an example, a calendar year registrant had a significant acquisition in the fourth quarter of 2001. The registrant filed a Form 8-K with the required historical financial statements of the target and the appropriate pro forma financial statements reflecting the acquisition. A pro forma income statement was provided for the year ended December 31, 2000 and the subsequent 2001 interim period. A pro forma balance sheet was provided as of the subsequent 2001 interim period. The registrant had another significant acquisition in February 2002 after the registrant's Form 10-K for the year ended December 31, 2001 was filed with the SEC.

For measuring significance of the February 2002 acquisition can the registrant prepare and use pro forma income for 2001 giving effect to the first acquisition that occurred in the fourth quarter of 2001 or must the registrant use historical income from the December 31, 2001 Form 10-K?

Background: The SEC Training manual has the following guidance:

"If the acquisition is made after reporting a previous significant acquisition or disposition on Form 8-K or non-IPO registration statement that includes all information required by Form 8-K:

- may evaluate significance using registrant pro forma financial information rather than historical pre-acquisition financial statements

For purposes of evaluating significance in this situation:

- Compare income from continuing operation before income taxes, extraordinary items and cumulative effect of a change in accounting principle for the acquired entity's latest fiscal year to the pro forma income statement for the latest audited annual period provided in the Form 8-K or registration statement.

- For the investment and asset tests, compare the registrant's investment in the acquired entity and the assets of the acquired entity for the latest fiscal year to the pro forma balance sheet comprising the latest audited balance sheet of the registrant. That pro forma balance sheet may or may not have been included in the Form 8-K or registration statement, depending on when the Form 8-K or registration statement was filed.

…(Omitted information) …If the registrant chooses to compute significance using pro forma information, it must do so for all three significance tests."

Discussion: Since the pro forma 2001 income statement was not provided in the Form 8-K for the acquisition in 2001, the staff training manual may seem to suggest, that a pro forma 2001 income statement should not be prepared and used to evaluate significance of the acquisition in 2002. However, the training manual guidance indicates that the pro forma balance sheet used to measure significance may or may not be included in the Form 8-K filed for the 2001 acquisition depending on whether the Form 8-K included a pro forma balance sheet as of the latest audited balance sheet date.

Although the 2001 pro forma income statement was not filed in the Form 8-K, it seems reasonable to allow a registrant to use the pro forma income statement for 2001 to measure significance of the 2002 acquisition (whether or not the 2001 pro forma information is filed) since the staff allows significance to be measured against pro forma information when a previous significant acquisition has been reported on a Form 8-K. If only historical income amounts were allowed to be

used because the new Form 10-K had been filed, the historical income amounts may reflect little of the results of the first acquisition, which in this case occurred in the last quarter of 2001.

The staff training manual indicates that if the registrant chooses to compute significance using pro forma information, it must do so for all three significance tests. If the registrant used pro forma 2001 income in this case, a pro forma balance sheet at December 31, 2001 would not need to be prepared since the 2001 acquisition is already reflected in the December 31, 2001 historical balance sheet.

Staff Comment

Significance should be tested using the historical financial statements per the December 31, 2001 Form 10-K. The staff will consider requests to use pro forma information in circumstances where the historical test produces an anomalous result.

Discussion Document B

Topic: Applicability of Regulation S-X, Rule 3-10 requirements in periodic reports of a parent when a Form 15 is filed by the subsidiary-issuer of a guarantee or registered debt.

Question: Is it permissible for the parent to discontinue reporting condensed consolidating information under SX 3-10 when a subsidiary (as either the issuer of debt or guarantor) files a Form 15, but the parent (whether the guarantor or issuer) continues its reporting with the SEC?

Background:

The Committee is aware of two likely scenarios:

One: Assume a registrant-parent guarantees the registered debt of a subsidiary-issuer and that the parent has relied on the relief provided by 3-10(c) (i.e., the parent files condensed consolidating financial information in its periodic reports). Further assume that the registrant-parent is also a registrant because it has publicly traded equity securities outstanding. If the subsidiary-issuer files a Form 15 relating to the debt that is guaranteed by the registrant-parent, must the parent file a Form 15 relating to its guarantee (which is a separately registered security)? If the parent cannot or does not file a Form 15, does the registrant-parent have to continue to report the condensed consolidating financial information specified by S-X 3-10(c) after the subsidiary-issuer's Form 15 is filed?

Two: Parent is the issuer of a debt security and its subsidiaries guarantee the debt. Even though the parent has less than 300 debt holders, the trust indenture requires reporting with the SEC until the debt matures. Heretofore, the parent has presented condensed consolidating financial information under Rule 3-10 of Regulation S-X in lieu of its subsidiaries filing separate audited financial statements. The subsidiary guarantors file a Form 15 relating to their guarantees as required by section 15d-6 of the Exchange Act Rule because there are less than 300 debt holders. Following the Form 15 filings by all subsidiary guarantors, must the parent-issuer continue to report the condensed consolidating financial information specified by S-X 3-10(c)?

Discussion:

View A -- (In response to a recent registrant-specific question, the Task Force understands that members of the SEC staff responded consistent with this view.) A parent should continue to provide the condensed consolidating information under S-X Rule 3-10 for as long as the debt is outstanding. The August 2000 adopting release (No. 33-7878) that amended Rule 3-10 states "the parent company periodic reports must include the modified financial information

permitted by paragraphs (b) through (f) of Rule 3-10 . . . for as long as the subject securities are outstanding."

In the first case above, whether or not the parent files a Form 15 with respect to its guarantee of its subsidiary's debt, the parent-guarantor continues to have an Exchange Act reporting requirement as a result of its publicly traded equity securities. As a result, the parent's financial statements must comply fully with S-X, including Rule 3-10 as long as the subsidiary's debt is outstanding. Similarly in the second case, the parent-issuer has Exchange Act reporting requirements from both its registered debt securities and its publicly traded equity securities. Therefore, the parent's financial statements should continue to include the condensed consolidating financial information under Rule 3-10 as long as its guaranteed debt is outstanding.

View B -- Once the Form 15 is filed, the condensed consolidating information under S-X Rule 3-10 is no longer required. Condensed consolidating data under S-X Rule 3-10 may be provided as reporting relief in lieu of the separate audited financial statements of the subsidiary registrant (whether as issuer or guarantor). Filing Form 15 suspends the Exchange Act reporting obligation of the subsidiary with regard to the previously registered security. Accordingly, once the subsidiary no longer has an Exchange Act reporting obligation, Rule 3-10 information need no longer be provided as relief therefrom.

Proponents of View B point out that the reference in the adopting release to reporting under S-X 3-10 "for as long as the subject securities are outstanding" is made in the context of the adoption of Rule 12h-5, which codified the relief from separate Exchange Act reporting of a subsidiary issuer-guarantor where parent company periodic reports include modified financial information as permitted by paragraphs (b) through (f) of Rule 3-10. They point out that Rule 3-10 does not contain any similar language that would require perpetual reporting through debt maturity/retirement of condensed consolidating information once the relief therein has been relied upon. Instead, that language in the adopting release was simply commentary on continued reliance on the relief provided by Rule 12h-5, which becomes moot when the subsidiary files a Form 15 and no longer has an Exchange Act reporting obligation.

Staff Comment

Registrants should follow the guidance in the adopting release (View A).

Discussion Document C

Topic: **Application of Rule 1-02 (w) (3) of Regulation S-X when the tested entity records preferred dividends.**

Question: How should a registrant calculate the significant subsidiary income test for an equity investee that records preferred dividends?

Background: A registrant owns 40% of an equity investee. The equity investee's summary income statement is as follows (taxes are ignored):

Revenue -	$100.00
Costs & Expenses -	60.00
Net Income -	40.00
Preferred Dividends	10.00
Income Available to Common -	

The registrant's recorded share of the investee's results of operations is $12.00 (40% x $30.00); not $16.00 (40% x $40.00). The registrant does not own any investee preferred stock.

Discussion: Rule 1-02 (w) (3) of Regulation S-X refers to income, not income available to common. However, application of the equity method of accounting is often based on income available to common, not net income.

If preferred dividends are relevant, does it matter if the preferred dividends are paid in cash or are unpaid but cumulative?

Staff Comment

The significance test should be determined in a manner consistent with the registrant's recognition of the equity method pickup.

Discussion Document D

Topic: Summarized Financial Information of Equity Investees in Interim Reports

Question: Is summarized financial information (S-X Rule 4-08(g)) required in a Form 10-Q if the investee did not meet the significant subsidiary test (S-X Rule 1-02(w)) as of the previous fiscal year end?

Background: Rule 10-01(b)(1) of Regulation S-X states:
"(1) Summarized income statement information shall be given separately as to each subsidiary not consolidated or 50 percent or less owned persons or as to each group of such subsidiaries or fifty percent or less owned persons for which separate individual or group statements would otherwise be required for annual periods." (Emphasis added).

Discussion: In interim financial statements, summarized financial information is required for any investees for which audited financial statements were provided under S-X Rule 3-09 (i.e., investees individually significant in excess of 20%). While S-X Rule 10-01(b)(1) is silent as to the date of testing significance (whether as of the interim reporting date or the end of the preceding fiscal year), S-X Rule 1-02(w), which defines "significant subsidiary" for purposes of both S-X Rule 3-09 and 4-08(g), makes clear that the test for significance is performed as of the end of the most recently completed fiscal year.

Accordingly, for purposes of interim disclosure of summarized financial information, significance should be measured as of the previous year end, and summarized information is required for investees that exceed 20% significance individually. Accordingly, summarized information in interim statements may not be required in all cases where summarized information was provided in the annual financial statements (e.g., where significance as of the preceding year end exceeded 10% but not 20%). Further, if summarized financial information was not required in the annual statements for the most recent fiscal year because the 10% threshold was not met, then summarized financial information would not be required in any quarterly filings for the subsequent fiscal year.

Staff Comment

The summarized information should be provided if an individual investee exceeds 20% significance based on the interim period.

This issue may be subject to further discussions with the SEC staff.

Discussion Document E

Topic: Subsequently Discontinued Operations (SFAS No. 144)

Question: What financial information is required in a '33 Act filing when a registrant has a discontinued operation under SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets",* subsequent to the latest audited balance sheet date?

Background: Under APB 30, registrants that had a measurement date for discontinued operations after the balance sheet but prior to the issuance of financial statements were required to present the discontinued operations in the not yet issued financial statements (EITF 95-18). In a '33 Act filing, registrants that had a measurement date for discontinued operations before the issuance of the latest interim financial statements included in the filing were required to include annual financial statements with a dual-dated audit opinion reflecting the reclassification of discontinued operations (STM, Appendix C.IV). In a '33 Act filing, if the measurement date for discontinued operations occurred subsequent to the issuance of the latest interim financial statements included in the filing, then pro forma financial statements pursuant to Article 11 of Regulation S-X were required if the actual or probable disposition was significant (S-X 11-01 (a)(4)). For disposals which met the APB 30 conditions for discontinued operations presentation, the SEC staff required the Article 11 pro forma information to be presented for all periods (STM Topic 3.II.C.2).

Under SFAS No. 144, there is a much broader definition than APB 30 as to the scope of operations that must be reported as a discontinued operation.

Paragraph 43 of SFAS No. 144 states, "In a period in which a component of an entity has been disposed of or is classified as held for sale, the income statement of a business enterprise (or statement of activities of a not-for-profit organization) for current and prior periods shall report the results of operations of the component, including any gain or loss recognized in accordance with paragraph 37, in discontinued operations." (Emphasis added). As a result, SFAS No. 144 requires a registrant to reclassify prior period financial statements once financial statements are issued including the date of sale, or the date of classification as held for sale. However, SFAS No. 144 precludes a registrant from reporting discontinued operations when the date of sale, or classification as held for sale, occurs after the balance sheet (i.e., EITF 95-18 has been nullified).

Discussion: Under SFAS No. 144, when operations are discontinued during the current fiscal year, the need for audited financial statements for prior periods reflecting the reclassification of discontinued operations will depend on whether the date of sale, or classification as held for sale, occurs before or after the latest balance sheet included in the filing. Accordingly, when the date of sale, or

classification as held for sale, occurs after the latest balance sheet included in a ‘33 Act filing, Article 11 pro forma financial statements should be presented for all periods to give effect to the actual or probable disposition, if significant.

Staff Comment

The staff agrees.

Discussion Document F

Topic: **FR-60 and FR-61: Transition and Interim Reports on Form 10-Q**

Question: What FR-60 and FR-61 disclosures, if any, should be included in interim reports on Form 10-Q? What "transition" disclosures should be provided in Forms 10-Q filed prior to the first Form 10-K that includes FR-60 and FR-61 disclosures?

Background: The SEC issued FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, on December 12, 2001. FR-60 states, "As public companies undertake to prepare and file required annual reports with us, we wish to remind management, auditors, audit committees, and their advisors that the selection and application of the company's accounting policies must be appropriately reasoned." (Emphasis added)

The SEC issued FR-61, *Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations*, on January 22, 2002. FR-61 states. "Because many companies are currently preparing disclosures for fiscal 2001 annual reports, the Commission believes it is appropriate to issue this statement so that public companies can consider the petition and this statement in preparing year-end and interim financial reports and other disclosures made after the issuance of this release." (Emphasis added)

Discussion: FR-60 appears to contemplate disclosure of critical accounting policies within MD&A for annual reports filed on Form 10-K. Accordingly:

1. Registrants should consider discussing in MD&A their critical accounting policies in their first Form 10-K filed after December 12, 2001.
2. Registrants need not amend a Form 10-K filed prior to December 12, 2001 in order to disclose more information about critical accounting policies.
3. Registrants may choose, but are not otherwise required, to disclose critical accounting policies in the MD&A of Forms 10-Q filed between December 12, 2001 and the filing of their next Form 10-K. Registrants who elect to provide such interim MD&A disclosures are encouraged to identify and explain their critical accounting policies and the associated judgments and uncertainties. Although FR-60 encourages registrants to disclose the likelihood that materially different amounts would be reported under different conditions or using different assumptions, registrants may choose, but are not required, to quantify such sensitivity disclosures specific to interim accounting measurements. Registrants that electively provide FR-60 disclosures in a Form 10-Q for an interim period of the current fiscal year, are encouraged, but are not required, to repeat those disclosures in subsequent Forms 10-Q for the current year.

4. After FR-60 disclosures have been made in Form 10-K, registrants are not required to repeat those disclosures in subsequent Forms 10-Q. [Instruction 2 to S-K Item 303(b) states, "In preparing the discussion and analysis required by this paragraph (b), the registrant may presume that users of the interim financial information have read or have access to the discussion and analysis required by paragraph (a) for the preceding fiscal year."] However, consistent with the objective of MD&A for interim periods, registrants are encouraged in interim MD&A to update the discussion of critical accounting policies in the Form 10-K when (a) a critical accounting policy is adopted, amended or newly identified, or (b) there are material changes in the related judgments, uncertainties or likelihood of materially different amounts under different conditions or under different assumptions that are reasonably plausible.

FR-61 clearly contemplates consideration of its suggested disclosures in both annual and interim MD&A about liquidity, off-balance sheet arrangements, contractual obligations and commercial commitments, non-exchange traded contracts accounted for at fair value, and transactions with related and certain other parties. Accordingly:

1. Registrants should consider providing the MD&A disclosures suggested by FR-61 in their first Form 10-K or Form 10-Q filed after January 22, 2002.
2. Registrants generally need not amend a Form 10-K or Form 10-Q filed prior to January 22, 2002 in order to provide disclosures responsive to FR-61.
3. Registrants who provide disclosures in MD&A responsive to FR-61 in Forms 10-Q filed between January 22, 2002 and the filing of their next annual Form 10-K should repeat and update those disclosures in subsequent Forms 10-Q for the current fiscal year. [While Instruction 2 to S-K Item 303(b) says the registrant may presume that users of the interim financial information have read or have access to MD&A for the preceding fiscal year, there is no similar provision with respect to the MD&A of earlier interim periods.]
4. After FR-61 disclosures have been made in Form 10-K, subsequent Forms 10-Q need only disclose material changes from that disclosed in the MD&A for the preceding fiscal year.

Staff Comment

The staff agrees.

Discussion Document G

Topic: Interim Period Disclosures Upon Adoption of a New Accounting Standard

Question:

What disclosures should registrants make after the first interim period but prior to the first annual report (i.e., that is, in the second and third quarter interim reports)?

Background and Discussion:

Regulation S-X, Rule 10-01(a)(5) states "Registrants may presume that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation… may be determined in that context…[D]isclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the registrant. Disclosures should encompass for example, significant changes since the end of the most recently completed fiscal year in such items as: accounting principles and practices…"

Based on the above rule in Regulation S-X and consistent with the guidance the SEC staff provided regarding the adoption of Statements 133 and 140, the SEC staff advised that in the first interim period that a new accounting standard is adopted, registrants are expected to provide both the annual and interim period disclosures prescribed by the new accounting standard, to the extent not duplicative.

View A – Carryforward All Disclosures (Annual and Interim) Until Year-End

Regulation S-X does not presume that users of interim financial information have read prior interim reports and so therefore it is not appropriate to rely on disclosures made in prior interim reports. Furthermore, even though disclosures have been made in prior interim reports, they would be considered to be stale from a '33 Act reporting perspective and would have to be freshened. Accordingly, it is appropriate to require that they be kept current even if there is no '33 Act registration statement pending or contemplated prior to year end. View A is consistent with Joel Levine's speech at the December 2001 AICPA Conference on Current SEC Developments, relative to FASB Statement Nos. 141 and 142.

View B – Repeat Annual Disclosures in Q2 and Q3 Interim Reports Only if there has been a Material Change from the Prior Interim Period

While not explicitly presuming that a reader of the current interim financial information has read the prior interim financial information, it is not unreasonable to assume that a current or prospective investor has read or had access to prior interim financial information where they have access to the current interim financial information. Furthermore, the fundamental principle in that portion of Regulation S-X is that disclosure must be made where there has been a material change in facts and circumstances since the last reporting. Where no such material change has occurred, repeating disclosures with no incremental benefit is intuitively contrary to the basic premise, nor is it cost beneficial.

However, if a registrant contemplates a ’33 Act registration statement filing subsequent to the filing of the most recent quarterly report, that registrant would repeat all the applicable disclosures in that most recent quarterly report, consistent with View A. Alternatively, the registrant may satisfy the disclosure requirement under the ’33 Act by repeating all the applicable disclosures in a Form 8-K filed subsequent to the most recent quarterly report, but prior to or concurrent with the filing of the ’33 Act registration statement. In each case, it is assumed that the ’33 Act registration statement allows for incorporation by reference. For ’33 Act registration statements not allowing incorporation by reference, the most recent quarterly information included in the registration statement would repeat all the applicable disclosures, consistent with View A.

Staff Comment

Registrants should follow View A.