

SEC Proposes Reduction in Financial Reporting Requirements for Guaranteed and Secured Notes

July 26, 2018 | Client Update

On July 24, 2018, the Securities and Exchange Commission proposed [amendments](#) to the financial disclosure requirements in SEC-registered offerings that apply to guarantors and issuers of guaranteed securities, and to affiliates whose own securities constitute a portion of the collateral for the securities offered. The proposed amendments would reduce the financial disclosure required and focus on information that is material to investors given the specific facts and circumstances of the offering. We believe the proposals, if adopted, would encourage many companies to conduct offerings of guaranteed or collateralized securities on an SEC-registered basis rather than on a Rule 144A basis, as is usually the case today.

The proposed amendments are part of a larger SEC project to examine the effectiveness of its current suite of disclosure requirements, an effort that Congress has pushed through the JOBS Act of 2012 and the FAST Act of 2015. To us, these proposals represent some of the most encouraging ideas yet from this project.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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