

**COMPARISON: SEC RULE AMENDMENTS TO MODERNIZE DISCLOSURES OF BUSINESSES, LEGAL PROCEEDINGS, AND RISK FACTORS UNDER REGULATION S-K VS. EXISTING RULES**

Regulation S-K Item	Summary of Existing Item Requirements	Summary of Final Amendments
<p><b>Items 101(a) and (h)</b> <b>(Description of Business)</b></p>	<p>Requires a description of the general development of a registrant’s business over the past five years or such shorter period as the registrant may have been engaged in business.</p>	<p>Item 101(a) becomes more principles-based, requiring disclosure of information material to an understanding of the general development of the business, and eliminate previously prescribed five-year timeframe.</p> <p>Revises Item 101(h) to eliminate the three-year timeframe for smaller reporting companies.</p> <p>Revises Items 101(a) and (h) to clarify that registrants may provide an update of the general development of the business rather than a full discussion after the registrant’s initial filing. The update must disclose all material developments that have occurred since the registrant’s most recent filing that contains a full discussion of the general development of its business. That prior discussion must be incorporated by reference.</p>
<p><b>Item 101(c)</b> <b>(Description of Business)</b></p>	<p>Requires a narrative description of the business done, and intended to be done, by the registrant and its subsidiaries, focusing on the registrant’s dominant segment or each reportable segment about which financial information is presented in its financial statements. To the extent material to an understanding of the registrant’s business taken as a whole, the description of each such segment must include disclosure of several specific matters.</p>	<p>Clarifies and expands the principles-based approach with a nonexclusive list of disclosure topic examples, based on current topics.</p> <p>Includes, as a disclosure topic, a description of the registrant’s human capital resources to the extent such disclosures would be material to an understanding of the registrant’s business.</p> <p>Refocuses the regulatory compliance disclosure requirement by including as a topic all material government regulations, not just environmental laws.</p>

Regulation S-K Item	Summary of Existing Item Requirements	Summary of Final Amendments
<p><b>Item 103</b> <b>(Legal Proceedings)</b></p>	<p>Requires disclosure of any material pending legal proceedings, including the name of the court or agency where the proceedings are pending, the date instituted, the principal parties, a description of the factual basis alleged to underlie the proceeding, and the relief sought. Similar information is to be included for any such proceedings known to be contemplated by governmental authorities.</p> <p>Contains a threshold for disclosure based on a specified dollar amount (\$100,000) for proceedings related to federal, state, or local environmental protection laws.</p>	<p>Expressly states that the required information may be provided by hyperlink or cross-reference to legal proceedings disclosure located elsewhere in the document to avoid duplicative disclosure.</p> <p>Increases the quantitative threshold for disclosure of environmental proceedings to which the government is a party from \$100,000 to \$300,000.</p> <p>Allows a registrant the flexibility to select a different threshold, so long as it results in disclosure of material environmental proceedings and does not exceed the lesser of \$1 million or one percent of the current, consolidated assets of the registrant and its subsidiaries.</p>
<p><b>Item 105</b> <b>(Risk Factors)</b></p>	<p>Requires disclosure of the most significant factors that make an investment in the registrant or offering speculative or risky. Specifies that the discussion should be concise, organized logically, and furnished in plain English. States that registrants should set forth each risk factor under a sub-caption that adequately describes the risk. Directs registrants to explain how each risk affects the registrant or the securities being offered and discourages disclosure of risks that could apply to any registrant.</p>	<p>Requires summary risk factor disclosure of no more than two pages if the risk factor section exceeds 15 pages.</p> <p>Refines the principles-based approach by requiring disclosure of “material” risk factors.</p> <p>Requires risk factors to be organized under relevant headings, in addition to sub-captions. With any risk factors that may generally apply to an investment in securities disclosed at the end of the risk factor section under a separate caption.</p>