

BUSINESS & POLITICS UPDATE

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Business Roundtable on Modernizing Disclosure: Keep Focus on Materiality

Commenting on the [SEC's Regulation S-K "concept release"](#) on modernizing business and financial disclosures, Business Roundtable stressed the importance of materiality in any new regulatory approach. "Our members believe that informative, clear and usable disclosures are essential to thriving capital markets and place a high value on modernizing and improving disclosures in a manner that continues to provide material information to investors," wrote John Hayes of Ball Corporation, Chair of BRT's Corporate Governance Committee, [in BRT's comment letter](#). While a "step-back" look at disclosure is appropriate, he wrote, "We are concerned that immaterial line-item disclosures and duplicative disclosure requirements both burden companies and do not provide investors with information necessary to make informed decisions."

BRT Details Objections to Proposed 'Dodd-Frank' Rule on Incentive-Based Compensation

A [proposed rule by federal financial regulators](#) to restrict incentive-based compensation is overly prescriptive, creates tax compliance difficulties and would make U.S. financial institutions less globally competitive, Business Roundtable [said in an official comment letter](#). "The proposed rule will also make it difficult for the institutions that pump capital through the U.S. and global economies to attract top talent," wrote John Hayes of Ball Corporation, Chair of BRT's Corporate Governance Committee. In addition, he wrote, the proposed rule would add burdens for record keeping and corporate governance. BRT outlined four approaches for improving the rule, which was proposed under the *Dodd-Frank Act* by the Securities and Exchange Commission (SEC) and five other financial regulatory agencies.

SEC Approves Nasdaq's Proposal on Third-Party Compensation for Directors; BRT Supported

The Securities and Exchange Commission has approved a rule change to require Nasdaq-listed companies to disclose outside payments made to board directors and candidates. Nasdaq had proposed the change to improve transparency about such third-party compensation. BRT endorsed the proposal, arguing that investors are entitled to the information to make effective investment and voting decisions. (See [BRT's April 26 letter](#).) With [the SEC's expedited order](#), the rule change goes into effect August 1.

The Top Line – The U.S. economy expanded by just 1.2 percent in the second quarter of 2016 after growing by 0.8 percent (revised) in Q1, according to the [advance estimate released today by the Bureau of Economic Analysis](#). Robust consumer spending and positive net exports were nearly offset by weak investment and a decline in government spending. In particular, a sharp reduction in inventories subtracted 1.16 percentage points from GDP. For more analysis, see *The Top Line* below and online [here](#).

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