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SEC Rulemaking Developments in 2017

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Within the first hundred days of taking office, President Trump reiterated his commitment to scaling back existing financial regulations. In February 2017, President Trump signed into law Congress's repeal of the extractive industry transparency rules adopted by the U.S. Securities and Exchange Commission (SEC) in June 2016. These rules would have required all SEC reporting issuers, including Canadian and other foreign companies, that are engaged in the commercial development of oil, natural gas or minerals to report information about payments made to the U.S. federal government or foreign governments that are related to the commercial development of these resources. Additionally, in February 2017, President Trump signed an executive order establishing core principles to guide his administration's regulation of the U.S. financial system and directed the U.S. Department of the Treasury to report on laws and regulations that inhibit regulation of the U.S. financial system in a manner consistent with the core principles. In response, the U.S. Department of the Treasury issued recommendations to promote access to capital, among other things, through reducing regulatory obligations and modernizing the U.S. capital markets regulatory structure and processes.

Despite these recommendations, 2017 was a fairly quiet rulemaking year for the SEC. The SEC's proposed and final rules issued in 2017 focus primarily on improving the readability, navigability and accuracy of disclosure documents.

This update provides an overview of the following U.S. securities law and regulatory developments in 2017:

1. [FAST Act modernization and simplification of Regulation S-K](#)
2. [SEC filings must include hyperlinks to exhibits and be in HTML format](#)
3. [Inline XBRL filing of tagged data](#)
4. [SEC guidance on pay ratio disclosure](#)
5. [SEC approves an NYSE rule amendment prohibiting release of material news after market close](#)

Although some of these rules are applicable only to U.S. issuers, we believe these developments should be of interest to market participants abroad, as well as Canadian issuers and their advisers.

1. FAST Act Modernization and Simplification of Regulation S-K

As required by the *Fixing America's Surface Transportation Act*, the SEC is proposing amendments to Regulation S-K based on the recommendations made in the SEC staff's Report on Modernization and Simplification of Regulation S-K, released in the last quarter of 2016. Regulation S-K sets forth the content requirements of the non-financial statement portions of certain registration statements, annual reports and other documents under U.S. securities law. The proposed amendments are intended to modernize and simplify certain disclosure requirements in Regulation S-K and related rules and forms, as well as reduce the costs and burdens on registrants and improve the readability and navigability of disclosure documents.

[Read more about the SEC's proposal to simplify Regulation S-K.](#)

2. SEC Filings Must Include Hyperlinks to Exhibits and Be in HTML Format

New rules of the SEC that require exhibits to be hyperlinked in most SEC filings became effective on September 1, 2017. Under the new rules, registrants that are filing a registration statement or current report that is subject to the exhibit requirements under section 601 of Regulation S-K or that are filing a Form F-10 or 20-F must insert a hyperlink to each exhibit listed in the exhibit index of such filing. The final rules do not require Canadian issuers to include hyperlinks to exhibits in any multijurisdictional disclosure system (MJDS) form filed with the SEC or any Form 6-K furnished to the SEC. The final rules also require all filings covered by the rules to be in the HTML format to support hyperlinks.

[Read more on the new hyperlinks rule.](#)

3. Inline XBRL Filing of Tagged Data

The SEC is proposing amendments that are intended to facilitate improvements in the quality and usefulness of eXtensible Business Reporting Language (XBRL) data and decrease filing costs by decreasing XBRL preparation costs over time. The proposed amendments would require financial statement information to be provided in the Inline XBRL format, which, in practical terms, means that filers would be required to embed XBRL data directly into an HTML formatted filing.

[Read more about Inline XBRL filing.](#)

4. SEC Guidance on Pay Ratio Disclosure

On September 21, 2017, the SEC adopted interpretive guidance to assist domestic reporting companies in their efforts to comply with the pay ratio disclosure required by item 402 of Regulation S-K under the *Securities Act of 1933*, as amended. On the same day, the SEC staff provided separate guidance on calculating the pay ratio disclosure. Domestic reporting companies must begin providing pay ratio disclosure for the first time in early 2018 for the fiscal year beginning on or after January 1, 2017.

[Read more about SEC guidance on pay ratio disclosure.](#)

5. SEC Approves an NYSE Rule Amendment Prohibiting Release of Material News After Market Close

On December 4, 2017, the SEC approved an NYSE rule amendment – revised Rule 202.06 – prohibiting NYSE-listed companies from releasing material news after the NYSE's official trading closing time (NYSE Closing Time) until the earlier of (i) the publication of a company's official closing price on the NYSE and (ii) five minutes after the NYSE Closing Time. The rule amendment, which became effective on December 7, 2017, is intended to reduce price discrepancies between the official closing price on the NYSE and the prices of execution in other exchanges and non-exchange venues.

[Read more about the NYSE rule amendment.](#)

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