
Meredith Cross Comments on Contingency Disclosures

AUGUST 3, 2012

At the ABA Business Law Section annual meeting on August 3, Director of the SEC Division of Corporation Finance Meredith Cross provided her perspective on loss contingency disclosures in light of the FASB's recent decision to drop its disclosure project. Cross indicated that the FASB action probably will not change Corp Fin's approach to the subject in comment letters. She said that Corp Fin was generally satisfied with the improvement in disclosures on loss contingencies but emphasized that companies needed to continue to pay attention to the issue. She said she did not expect that contingency comments will be included in every comment letter, though (consistent with a theme she articulated in other remarks) whether to include such comments will be a matter of "professional judgment" for the staff reviewer. The staff will continue to look closely at situations where a company announces a big settlement without having foreshadowed it at all in previous disclosures. She also said that the staff is sensitive to the need not to impair a company's litigation posture and has been willing to allow aggregation of disclosures as one means of addressing the problem.