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## SEC Plans Concept Release on Audit Committee Disclosures

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The Securities and Exchange Commission plans to issue a concept release in early 2015 addressing possible changes in the audit committee disclosures in proxy statements. SEC Chair Mary Jo White disclosed this plan at the Public Company Accounting Oversight Board's meeting with the Board's Investor Advisory Group on October 20. According to Chair White, the SEC has already recognized "many of the same issues" regarding audit committees that were identified by the Investor Advisory Group, and the concept release should address many of them. (See this post [for more on IAG.](#)) She noted, "I do think the PCAOB and audit committee and audit committee chairs should be linked arm in arm and have the same objectives. The more we can do in that space the better."

In November, SEC Chief Accountant James Schnurr told Financial Executives International that the SEC staff is at work on the release. According to news reports, Mr. Schnurr indicated that the objective of additional disclosures would be to seek consistency in audit committee disclosures and improve the performance of all audit committees.

The SEC's interest in audit committee disclosures is not surprising given the recent emphasis on the subject by corporate governance groups and comments by SEC staff, as well as the increasing trend of voluntary disclosure about audit committees by many companies. (See our prior posts on this subject: [November 26, 2013](#); [March 3, 2014](#); and [October 14, 2014](#).) Still, it is noteworthy that the SEC has decided to tackle this issue in light of the many other rulemaking matters on its plate, such as unfinished executive compensation rulemaking required by the Dodd-Frank Act and its disclosure effectiveness project. It also should be kept in mind that neither the PCAOB, nor, except for certain rules required by the Sarbanes-Oxley Act, the SEC has the authority to prescribe substantive governance standards for audit committees. The SEC can, of course, influence such governance practices through disclosure rules. But there may be objections to the SEC appearing to engage in substantive policy-making through the disclosure process.

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### *Authors*



**Alan J. Wilson**

**PARTNER**

✉ [alan.wilson@wilmerhale.com](mailto:alan.wilson@wilmerhale.com)

☎ +1 202 663 6474