

---

## SEC Staff Reinterprets Non-GAAP Rules

MAY 27, 2016

On May 17, 2016, the SEC's Division of Corporation Finance escalated the SEC's efforts to curb perceived misuse of non-GAAP financial measures with the issuance of a revised set of Compliance and Disclosure Interpretations (CDIs). This action follows a series of speeches by SEC Chair Mary Jo White and SEC senior staff members and an uptick in comment letter activity, all focused on what a member of the SEC staff described in one speech as a "troubling increase over the past few years in the use of, and nature of adjustments within, non-GAAP measures by companies." (See our [prior post](#).)

As discussed in detail in this [WilmerHale client alert](#), the new and revised CDIs:

- adopt a very prescriptive approach to the "equal or greater prominence" requirement that applies to SEC filings and earnings releases; and
- highlight a number of practices that the staff may now challenge as being misleading, and therefore prohibited under Regulation G from any public disclosure.

---

### *Authors*

---

**Thomas W. White**

RETIRED PARTNER

☎ +1 202 663 6000