

A DETAILED ANALYSIS OF THE SEC'S AMENDMENTS TO FINANCIAL STATEMENT REQUIREMENTS FOR BUSINESS ACQUISITIONS AND DISPOSITIONS

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As we previously [posted](#), the SEC recently adopted a number of [amendments](#) to the financial disclosure requirements for business acquisitions and dispositions by U.S. public companies including to (i) revise the requirements for financial statements and pro forma financial information for acquired businesses, (ii) revise the tests used to determine significance of acquisitions and dispositions giving rise to required financials, and (iii) permit certain expense omissions in those financial statements.

We have now prepared a [client alert](#) providing a more detailed analysis of the amendments, including descriptions of a number of changes incorporated in the final rule that differ from the SEC's initial rule proposal.

The SEC stated in its adopting release that the amendments are intended to reduce the complexity of financial disclosure requirements for business acquisitions and dispositions, facilitate more timely access to capital, and reduce the complexity and costs to registrants to prepare the required disclosure. As we note in our client alert, the result is that, as a practical matter, there will likely be fewer "significance" determinations and thus fewer historical and pro forma financial statement disclosures about acquired businesses. And although the amendments are intended to streamline and simplify various aspects of the rules and filing requirements, these provisions of Regulation S-X remain highly complex. Registrants are advised to take great care in analyzing them in connection with the consummation of corporate transactions.

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