

## Insights

# SEC GUIDANCE: DISCLOSURE OBLIGATIONS STEMMING FROM RUSSIA'S INVASION OF UKRAINE

May 20, 2022

On May 3, 2022, the SEC's Division of Corporation Finance ("CorpFin") issued guidance reminding companies with disclosure obligations under U.S. securities laws to be cognizant of any disclosures that may be warranted as a result of the direct or indirect impact on a company's business due to Russia's invasion of Ukraine. CorpFin called for detailed disclosures relating to direct or indirect exposure to Russia, Belarus, or Ukraine, which may result from:

- Operations or an employee based in one or more such countries;
- Sales to one or more such countries;
- Legal or regulatory uncertainty, including difficulties in obtaining required government approvals in order to continue operations or sales;
- Business relationships in one or more such countries, particularly any existing relationships with individuals or entities subject to sanctions;
- Investments in one or more such countries;
- Securities traded in Russia, and, potentially, countries that support Russia;
- Direct or indirect reliance on goods or services, including energy, sourced from Ukraine, Russia, Belarus, or, potentially, countries that support Russia or Belarus;
- Other disruptions to the company's supply chain;
- New or heightened cybersecurity risks; and
- Foreign exchange rate fluctuations.

Such disclosures may need to cover both actual and potential impacts, to the extent material or otherwise required. In light of CorpFin's guidance, companies should consider their existing disclosure controls and procedures, including the role of management in assuring the effectiveness

of such controls and the role of the board of directors in overseeing risks related Russia's invasion of Ukraine. Specifically, these disclosures may need to be made in the management's discussion and analysis of financial condition and results of operations ("MD&A"), risk factors and/or other sections of a company's disclosures.

The SEC notes in its guidance that it regularly monitors filings made with it or otherwise made publicly available. Upon reviewing a company's disclosures, the SEC may issue a comment letter based on a company's specific facts and circumstances related to its disclosures concerning Russia, Belarus and Ukraine. CorpFin's guidance is accompanied by a [sample comment letter](#) highlighting the types of information that it expects companies to cover in their disclosures and potential questions the SEC may ask companies about their disclosures.

Given the introduction of substantial new sanctions and trade controls across jurisdictions since the beginning of 2022, organizations should ensure they are continuing to evaluate and update their compliance procedures to address potential touchpoints in light of their unique risk profile, but as identified in CorpFin's guidance, the effect of multilateral sanctions and export controls are but one aspect of what may be driving changes that could warrant disclosure. As the U.S. and other countries continue to expand such sanctions and trade controls, it is critical that companies remain vigilant in identifying and assessing those updates in order to ensure compliance and identify reportable impacts.

For questions relating to U.S. sanctions, please contact BCLP's [international trade team](#). For questions regarding disclosure obligations or controls, please contact BCLP's [securities team](#).

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