

# NIRI criticizes SEC disclosure rule

By Craig McGuire

**VIENNA, VA:** The National Investor Relations Institute (NIRI) last week fired the latest volley in the debate over selective disclosure, asking the Securities and Exchange Commission to hold off on implementing Proposed Regulation FD and allow the industry to adopt its own rules.

NIRI voiced its opinion in a 12-page comment submitted to the commission earlier this month. The SEC had begun soliciting comments on the proposal after introducing it last fall, eventually extending the comment period to run through the end of this week (*PRWeek*, March 27).

If passed, the rule would require public companies to disclose all significant information publicly, rather than selectively meting it out to affected parties.

"We recommended a private sector initiative between NIRI, the Securities Industry Association (SIA), the Investment Company Institute and the Association for Investment Management and Research to

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**NIRI...** asking SEC to allow the industry to adopt its own rules

come up with industry-wide standards," said NIRI president and CEO Louis Thompson. The private-sector proposal would likely build on ideas found in NIRI's April

1998 *Standards of Practice for Investor Relations*.

In its plea to put the rule on the back burner, NIRI questioned whether the SEC was being a bit heavy-handed in its

approach.

"We are not suggesting that selective disclosure does not happen," the group wrote in its formal comment. "But we do question whether the magnitude of these occurrences justifies rule-making by the SEC."

However, with SEC Chairman Arthur Levitt pushing hard for the new rule, it's highly unlikely the commission will postpone its decision for long—and Thompson knows it.

"The political reality is that there is going to be a rule of some kind," said Thompson. "We've met with four of the SEC's commissioners, and they generally feel that the rule is going through."

Over the past several months, Levitt has stated his willingness to consider all ideas. Responding to a NIRI letter proposing the private-sector approach, Levitt responded, "I have found that often such private sector panels can be very effective in developing market-driven solutions to complex issues. We will certainly consider doing so in this case."