

What disclosure considerations should public companies be considering relating to COVID-19 impacts on their business?

Updated as of March 6, 2020:

The SEC has recently advised all companies “to consider their activities in light of their disclosure obligations under the federal securities laws.” Hundreds of public companies have added new coronavirus risk factors or added language about the outbreak to existing risk factors. The Commission also reminds those making coronavirus disclosures “to take the necessary steps to avoid selective disclosures and to disseminate such information broadly. Depending on a company’s particular circumstances, it should consider whether it may need to revisit, refresh, or update previous disclosure to the extent that the information becomes materially inaccurate.”

If your company has become aware of a risk related to the coronavirus that would be material to your investors, you should refrain from engaging in securities transactions with the public and take steps to prevent insiders who are aware of these matters from trading on such information until investors have been appropriately informed about the risk.