

110TH CONGRESS
1ST SESSION

S. 834

To require annual testimony before Congress by the Securities and Exchange Commission, the Financial Accounting Standards Board, and the Public Company Accounting Oversight Board, relating to efforts to promote transparency in financial reporting.

IN THE SENATE OF THE UNITED STATES

MARCH 9, 2007

Mr. HATCH introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require annual testimony before Congress by the Securities and Exchange Commission, the Financial Accounting Standards Board, and the Public Company Accounting Oversight Board, relating to efforts to promote transparency in financial reporting.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Promoting Trans-
5 parency in Financial Reporting Act of 2007”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) Transparent and clear financial reporting is
 2 integral to the continued growth and strength of our
 3 capital markets and the confidence of investors.

4 (2) The increasing detail and volume of ac-
 5 counting, auditing, and reporting guidance pose a
 6 major challenge.

7 (3) The complexity of accounting and auditing
 8 standards in the United States has added to the
 9 costs and effort involved in financial reporting.

10 **SEC. 3. ANNUAL TESTIMONY ON REDUCING COMPLEXITY IN**
 11 **FINANCIAL REPORTING.**

12 The Securities and Exchange Commission, the Fi-
 13 nancial Accounting Standards Board, and the Public
 14 Company Accounting Oversight Board shall annually pro-
 15 vide oral testimony by their respective chairpersons, or a
 16 designee thereof, beginning in 2007, and for 5 years there-
 17 after, to the Committee on Banking, Housing, and Urban
 18 Affairs of the Senate and the Committee on Financial
 19 Services of the House of Representatives on their efforts
 20 to reduce the complexity in financial reporting, so that in-
 21 vestors are provided with more accurate and clear finan-
 22 cial information. That testimony shall address—

23 (1) complex and outdated accounting standards;

- 1 (2) improving the understandability, consist-
2 ency, and overall usability of the existing accounting
3 and auditing literature;
- 4 (3) developing principles-based accounting
5 standards;
- 6 (4) encouraging the use and acceptance of
7 interactive data; and
- 8 (5) promoting disclosures in “plain English”.

