

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

March 11, 2020

The Honorable Walter J. Clayton III
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Chairman Clayton:

We write to urge the Securities and Exchange Commission (SEC) to protect investors and the American financial system by requiring public companies to fully disclose, in detailed statements to investors, their exposures to risks related to coronavirus 2019 (COVID-19), and the steps they are taking to mitigate these risks. In a time of growing fear and uncertainty, shining the bright light of transparency will enable investors and other market participants to make informed decisions about where risks truly lie.

On March 11, 2020, the World Health Organization declared the coronavirus to be a pandemic.¹ The virus has since spread to every continent except Antarctica and has been found in over 100 countries² resulting in thousands of deaths across the globe,³ entire cities and countries being quarantined,⁴ and strict international travel restrictions.⁵ This has had serious economic impacts on global trading, business, and consumer activity and has resulted in the plummeting of domestic and international manufacturing activity, causing severe disruptions in international supply chains.⁶

Because of the astounding and widespread impact, the coronavirus is imposing on national economies and financial systems around the world and the accompanying disruptions to global supply chains, it is absolutely critical that companies fully and promptly disclose their direct exposure to coronavirus-related risks. This includes the expected impacts the coronavirus will have on their operations and personnel, the secondary effects such as changes in demand for their products and services, and impacts on supply chains, third-party service providers, and business practices. Although in some cases it may be too early to ascertain the full impact COVID-19 will have on companies, information related to events reasonably likely to cause a material change in a company's costs and revenues and the steps that a company is taking to address the short-, mid-, and long-term risks posed by the virus remain material information that companies are required to disclose to investors by law.

Shareholders, investors, and financial markets rely heavily on these disclosures to make informed investment decisions, and the recent market volatility highlights the investor fear and uncertainty about the effect that the coronavirus will have on financial portfolios.⁷ Given the extreme impact the outbreak has had on companies across

¹ Natasha Khan, Talal Ansari and Bojan Pancevski, *Coronavirus Declared Pandemic by World Health Organization*, Wall Street Journal (Mar. 11., 2020).

² Mapping the Spread of the Coronavirus in the U.S. and Worldwide, CNN (Mar. 11, 2020), available at <https://www.washingtonpost.com/world/2020/01/22/mapping-spread-new-coronavirus/?arc404=true>.

³ Coronavirus Sparks Total Lockdown in Italy and Alarm in the U.S. as Cases Rise Globally, CNN (Mar. 10, 2020), available at <https://www.cnn.com/2020/03/10/world/coronavirus-covid-19-update-intl-hnk/index.html>.

⁴ *Id.*

⁵ Mapping the Spread of the Coronavirus in the U.S. and Worldwide, CNN (Mar. 11, 2020), available at <https://www.washingtonpost.com/world/2020/01/22/mapping-spread-new-coronavirus/?arc404=true>.

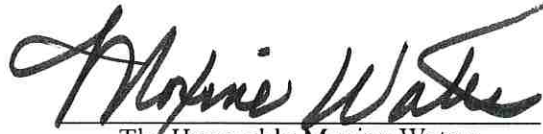
⁶ U.S. Manufacturing Sector Stalls as Coronavirus Hits Supply Chains, Reuters (Mar. 2, 2020), available at <https://www.reuters.com/article/us-usa-economy-manufacturing/u-s-manufacturing-sector-stalls-as-coronavirus-hits-supply-chains-idUSKBN20P29T>.

⁷ Dow Spikes More than 1,000 Points on Hopes of Coronavirus Economic Relief, ABC News (Mar. 10, 2020), available at <https://abcnews.go.com/Business/dow-futures-spike-700-points-historic-sell-off/story?id=69500594>.

the globe, it is critical that investors and the markets be given the information they need to make investment decisions, protect their hard-earned savings, and ensure the companies they are invested in are taking all necessary steps to protect their value.

We urge the SEC to utilize all of the tools it has available to protect U.S. investors and markets by ensuring public companies are fully and promptly disclosing all material information related to this pandemic.

Sincerely,



The Honorable Maxine Waters
Chairwoman



The Honorable Brad Sherman
Chairman
Subcommittee on Investor Protection,
Entrepreneurship, and Capital Markets



The Honorable Gregory Meeks
Chairman
Subcommittee on Consumer Protection
and Financial Institutions



The Honorable Wm. Lacy Clay
Chairman
Subcommittee on Housing, Community
Development and Insurance



The Honorable Emanuel Cleaver
Chairman
Subcommittee on National Security,
International Development and
Monetary Policy



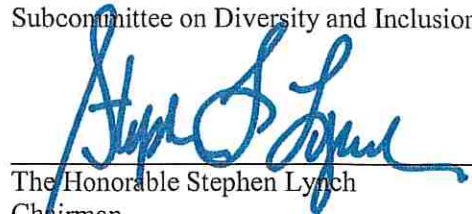
The Honorable Al Green
Chairman
Subcommittee on Oversight and Investigations



The Honorable Joyce Beatty
Chair
Subcommittee on Diversity and Inclusion



The Honorable Bill Foster
Chairman
Task Force on Artificial Intelligence



The Honorable Stephen Lynch
Chairman
Task Force on Financial Technology