

SEC STAFF UPDATES FRM FOR REGULATION S-K AMENDMENTS, AND OTHER TOPICS

SEPTEMBER 2025

SUMMARY

The SEC staff updated the Division of Corporation Finance's Financial Reporting Manual (FRM)¹ to make:

- ▶ Conforming edits for the 2020 amendments to Regulation S-K ("S-K")²
- ▶ Conforming edits to the real estate and other sections for the 2020 amendments to Regulation S-X ("S-X") for acquired and disposed businesses (the "S-X Acquisition Rules")³
- ▶ Revisions to address updated Public Company Accounting Oversight Board (PCAOB) auditing standards (AS) and clarifications related to the independent accountants' involvement
- ▶ Miscellaneous other updates

These updates include:

- ▶ Conforming edits for the 2020 amendments to Regulation S-K:
 - Supplementary financial information (S-K Item 302(a)) (section 1600), including additional guidance about:
 - The presentation for a new registrant - disclosure of material quarterly changes is not required in an initial public offering (IPO) registration statement under the Securities Act of 1933 (section 1620.1). A registrant that recently completed its IPO that has a material retrospective change to an interim period that is only presented on a year-to-date basis in the IPO, may present that year-to-date interim period (rather than each affected quarterly period) and fourth quarter information in its first Form 10-K (section 1610.2)
 - Voluntarily disclosing quarterly financial information - if a registrant voluntarily presents quarterly financial information, the information is subject to PCAOB AS 2710, which requires the registrant's auditor to read the information and consider whether it is materially inconsistent with the information contained in the financial statements (section 4420.2)
 - Foreign private issuers (FPIs) - FPIs that voluntarily file on Form 10-K are not required to comply with S-K Item 302(a) (section 6120.12)

¹ The FRM is an internal SEC staff reference document that provides general guidance on various SEC reporting topics. While not authoritative, the FRM is often a useful resource for evaluating SEC reporting issues.

² For a summary of the 2020 amendments to the disclosure requirements of Regulation S-K, see our Bulletin, [SEC Amends Disclosure Requirements in Regulation S-K](#).

³ In June, the SEC updated the FRM to reflect the S-X Acquisition Rules, and to include additional guidance for the 2020 amendments related to financial disclosure requirements about guarantors and issuers of guaranteed securities and affiliates whose securities collateralize a registrant's securities. See more about these updates in our Bulletin, [SEC Staff Updates Financial Reporting Manual for Acquired and Disposed Business Rules](#).

Material discussed in this Bulletin is meant to provide general information and should not be acted upon without first obtaining professional advice appropriately tailored to your individual facts and circumstances.

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- Management’s discussion and analysis (S-K Item 303) (sections 9110 and 9200):
 - Clarifies that the disclosure requirements for critical accounting estimates are applicable to FPIs unless they apply International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB) (section 9410.2)
- ▶ Conforming edits to the real estate and other sections for the S-X Acquisition Rules:
 - Real estate matters (section 2300):
 - Clarifies that the information required in a proxy statement for a real estate operation that was or will be acquired indirectly is the same as if the real estate operation was or will be acquired directly (section 2360.1)
 - Target company financial statements in a registration statement on Form S-4 (section 2200)⁴
- ▶ Revisions to address updated PCAOB auditing standards and clarifications related to the independent accountants’ involvement:
 - Critical Audit Matters (CAMs) (section 4240), including guidance that the audit report of:
 - A non-issuer equity method investee referred to in the registrant’s audit report does not require CAMs if the registrant is an emerging growth company (EGC). If the registrant is not an EGC, the registrant may consult with the SEC staff about whether CAMs would be required (section 4240.2)
 - The target in a de-SPAC transaction may exclude CAMs in the Form S-4/proxy statement and Super 8-K if it would otherwise qualify as an EGC (section 4240.3)
 - The SEC staff’s application of PCAOB requirements in various SEC filings, including non-predecessor target companies in de-SPAC transactions, Regulation A issuers, and non-issuer general partners in a limited partner’s transactional filings or registration statements (section 4110.5)
 - Auditor issues in connection with reverse recapitalizations and reverse mergers (section 12250):
 - Addresses the independence requirements for the auditor of the accounting acquirer - the auditor must be independent in accordance with PCAOB and SEC rules for the latest fiscal year and other applicable standards (e.g., AICPA or home-country) for earlier fiscal years (section 12250.1)
- ▶ Miscellaneous other updates:
 - IFRS-IASB-related items (section 4220):
 - Indicates that the SEC staff will not object to a qualified opinion related to a lack of comparative information for financial statements of an acquired or to be acquired business for which the financial statements are prepared in accordance with IFRS-IASB (which requires comparative financial statements) if only one year is required by the S-X Acquisition Rules (section 4220.6)
 - Addresses the application of SAB Topics, including SAB Topic 4.C. Change in Capital Structure, to IFRS filers (section 6320.4)
 - Disclosure controls and procedures and internal controls over financial reporting (ICFR) (section 4310):
 - Specifies that conclusions about ineffective ICFR will likely lead to conclusions about ineffective disclosure controls and procedures (section 4310.9)
 - Clarifies that registrants may need to reevaluate previous conclusions about the effectiveness of ICFR when financial statements are restated to correct errors (section 4310.16)
 - Non-issuer abbreviated financial statements (section 4250):
 - Addresses the emphasis of matter paragraph required in the audit report for financial statements prepared in accordance with U.S. GAAP or IFRS-IASB
 - Transition period reporting:
 - Addresses the balance sheet requirements in a Form 10-K following a transition period of less than six months (section 1360.2)

⁴ These FRM updates do not include amendments to address the final rules on special purpose acquisition companies, shell companies, and projections effective in 2024. For more information on these rules, see our Bulletin, [SEC Adopts Rules on SPACS, Shell Companies, and Projections](#).

- Guidance on Key Performance Indicators and Metrics (section 9230) to conform with the SEC guidance released in 2020⁵
- Reporting requirements when errors are identified in pro forma financial information or an Interactive Data File (section 4640)
- Guidance on the presentation of financial statements when a change in reporting entity or reorganization occurs in connection with an initial registration statement (section 13410.4)

**PORTIONS OF THE FRM ARE STILL OUTDATED**

The FRM has not been updated for the final rules on special purpose acquisition companies (SPACs), shell companies, and projections effective in 2024.⁶ Users should exercise caution and refer to other sources when relying on the FRM for guidance on this topic.

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Link to the SEC staff's [Announcement](#)

Link to the [FRM](#)

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⁵ See <https://www.sec.gov/files/rules/interp/2020/33-10751.pdf>.

⁶ For more information on these rules, see our Bulletin, [SEC Adopts Rules on SPACS, Shell Companies, and Projections](#).