

109TH CONGRESS
2^D SESSION

H. R. 5024

IN THE SENATE OF THE UNITED STATES

JULY 26, 2006

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To require annual oral testimony before the Financial Services Committee of the Chairperson or a designee of the Chairperson of the Securities and Exchange Commission, the Financial Accounting Standards Board, and the Public Company Accounting Oversight Board, relating to their 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 2006”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

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

11 (2) The increasing detail and volume of ac-
12 counting, auditing, and reporting guidance pose a
13 major challenge.

14 (3) The complexity of accounting and auditing
15 standards in the United States has added to the
16 costs and effort involved in financial reporting.

17 **SEC. 3. ANNUAL TESTIMONY ON REDUCING COMPLEXITY IN**
18 **FINANCIAL REPORTING.**

19 The Securities and Exchange Commission, the Fi-
20 nancial Accounting Standards Board, and the Public
21 Company Accounting Oversight Board shall annually pro-
22 vide oral testimony by their respective Chairpersons or a
23 designee of the Chairperson, beginning in 2007, and for
24 5 years thereafter, to the Committee on Financial Services
25 of the House of Representatives on their efforts to reduce

1 the complexity in financial reporting to provide more accu-
2 rate and clear financial information to investors, includ-
3 ing—

4 (1) reassessing complex and outdated account-
5 ing standards;

6 (2) improving the understandability, consist-
7 ency, and overall usability of the existing accounting
8 and auditing literature;

9 (3) developing principles-based accounting
10 standards;

11 (4) encouraging the use and acceptance of
12 interactive data; and

13 (5) promoting disclosures in “plain English”.

Passed the House of Representatives July 25, 2006.

Attest:

KAREN L. HAAS,

Clerk.