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## House Approves Rep. Davis's Promoting Transparency in Financial Reporting Act

February 27, 2007

Today, by a vote of 412 to 0, the House of Representatives approved H.R. 755, the Promoting Transparency in Financial Reporting Act sponsored by Rep. Geoff Davis (R-KY). The legislation would require testimony before the Financial Services Committee by the Chairmen of the Securities and Exchange Commission (SEC), the Financial Accounting Standards Board (FASB), and the Public Company Accounting Oversight Board (PCAOB) on their efforts to increase transparency in financial reporting.

Representative Davis said, "In today's regulatory environment, our businesses face complex and costly reporting standards, and everyday investors are tasked with translating complicated financial statements into consumable information. The goal of this bipartisan bill is to hold federal agencies, as well as Congress, more accountable for making swift progress in reducing the complexity and costs of financial reporting for businesses and increasing transparency for investors."

Ranking Member Spencer Bachus (R-AL) of the House Financial Services Committee said, "Reassessing the effectiveness of our financial reporting regulations is critical to the continued competitiveness of our capital markets. This legislation will help ensure that our nation's regulators are promoting a regulatory structure that is the most efficient and modern in the world. I commend Congressman Davis for his continued leadership on this issue."

The Promoting Transparency in Financial Reporting Act would require annual testimony beginning in 2007. The testimony by the SEC, FASB, and PCAOB would focus on their efforts to: reassess complex and outdated accounting standards; improve the understandability, consistency, and overall usability of the existing accounting and auditing literature; develop principles-based accounting standards; encourage the use and acceptance of interactive data; and promote disclosures in plain English.

H.R. 755 is similar to legislation approved by the House of Representatives during the 109th Congress.

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