

Greg Kramer in Law360: SEC Proposal Would Hang Merger Details on Market Value

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Haynes Boone Partner [Greg Kramer](#) talked with *Law360* about the U.S. Securities and Exchange Commission's proposal to change the amount of information companies must publicly disclose before buying another business.

Here is an excerpt:

Public companies looking to make an acquisition must put the deal through three financial tests comparing the two entities' assets, incomes and investments. If the differences exceed 20%, the acquirer must make additional disclosures. Friday's proposal would calculate the income and investment tests using market value rather than financial statements that have been put through the ringer by auditors.

The new formula would have the biggest impact on companies with a market value far above their asset value, a phenomenon technology and biotechnology companies often see, said Greg Kramer, co-chair of the securities practice at Haynes Boone. If the proposal worked as planned, Kramer said there could be practical benefits for investors.

"There's definitely something to the notion that, the longer a disclosure document is, the less likely people are to read it in detail," Kramer said. "As long as it doesn't go too far in excluding acquisition details that are material to investors, I think it could definitely be helpful."

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