

Memorandum

SEC Releases Guidance on Intellectual Property and Technology Risks Involved in International Operations

December 26, 2019

On December 19, 2019, the SEC's Division of Corporation Finance ("Corp Fin") issued [guidance](#) addressing the disclosure of risks to technology and intellectual property that may result from conducting business outside the United States, particularly in jurisdictions that do not have comparable levels of protection of corporate proprietary information and assets such as intellectual property, trademarks, trade secrets, know-how and customer information and records. These risks may include those related to the potential theft or compromise of data, technology and intellectual property from a myriad of sources, including direct cyber intrusions or more indirect routes such as companies being required to compromise protections or yield rights to technology, data or intellectual property in order to conduct business in a foreign jurisdiction. Building on its recent guidance and statements regarding cybersecurity, and business risks more generally, Corp Fin's new guidance continues to highlight that disclosure may be necessary in a variety of places, including management's discussion and analysis, the business section, legal proceedings, disclosure controls and procedures, and/or financial statements. Whether or not disclosure is necessary depends on whether or not disclosure of these risks is material to investment and voting decisions, even in the absence of any specific line-item disclosure requirement. The guidance provides a comprehensive list of questions that companies should consider when assessing these risks and evaluating any related disclosure obligations.

If you have any questions or would like additional information, please do not hesitate to contact **Bradley P. Goldberg** at +1-212-455-2064 or bgoldberg@stblaw.com, **Shari A. Ness** at +1-212-455-2383 or shari.ness@stblaw.com, or any other member of the Firm's Public Company Advisory Practice.

The contents of this publication are for informational purposes only. Neither this publication nor the lawyers who authored it are rendering legal or other professional advice or opinions on specific facts or matters, nor does the distribution of this publication to any person constitute the establishment of an attorney-client relationship. Simpson Thacher & Bartlett LLP assumes no liability in connection with the use of this publication. Please contact your relationship partner if we can be of assistance regarding these important developments. The names and office locations of all of our partners, as well as our recent memoranda, can be obtained from our website, www.simpsonthacher.com.