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The Art of Responding to Corp Fin Comments: What to Do

Following up on my [recent blog](#) about the basics of the Corp Fin comment process, you should know that effectively responding to SEC comments is part art and part science. It takes a bit of both to be sure that you fully and accurately respond, which should definitely help you in your efforts to preempt additional comments. Here's a bunch of pro tips to consider:

1. **Read and Understand** - Be sure to read the comment letter fully and carefully to understand exactly what the SEC Staff is asking, paying particular attention to whether the comment is requesting updates in the form of future disclosure, supplemental information, or revision to a current filing. There is a big difference between the three. Also be sure to share the comment letter with the appropriate members of your disclosure team to collect all perspectives.
2. **Respond to Each Question** - SEC Staff comment letters often contain multiple comments each with several sub-questions. It is important to review each comment thoroughly and be sure to respond to each portion of the question or request. This seems obvious but we often see companies fail to address a few sub-questions in their initial drafts.
3. **Decide to Fight or Surrender** - You should be strategic in acquiescing to - or fighting - a comment. You need not assent to every request in an SEC comment letter as there is often room for debate or discussion with the Staff. It can be fine to disagree with the Staff and put forth additional facts and arguments on why your approach is correct. That said, in order to avoid additional rounds of comments and to save your credibility for more significant disputes, it is often prudent to agree to comply with minor comments or requests that can painlessly be implemented then to stand on principle - even if you may not fully agree with the SEC's position.
4. **Deciding Whether to Contact the Staff** - Companies are sometimes reluctant to call the Staff. However, if a comment is unclear, it is more than appropriate to call the Staff member listed on the comment letter for clarification. It is often better to ask the SEC for clarification rather than responding to the comment without fully understanding it - flying in somewhat blind like that will increase the likelihood of a second round of comments. Be prepared to succinctly ask the clarifying question and avoid debate or substantive discussion. You probably will want to save that for your written response.

Authors

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