

# Union Calendar No. 321

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5024

[Report No. 109-565]

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.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 2006

Mr. DAVIS of Kentucky (for himself, Mr. SCOTT of Georgia, and Mr. ISRAEL) introduced the following bill; which was referred to the Committee on Financial Services

JULY 17, 2006

Additional sponsors: Mr. CASTLE, Mr. SHAYS, Mr. GILLMOR, Mr. FEENEY, Mr. FITZPATRICK of Pennsylvania, and Mr. HINOJOSA

JULY 17, 2006

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through]

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## A BILL

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 Pub-

lic 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 to the quality and transparency of  
14 financial reporting.

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

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

20 The Securities and Exchange Commission, the Fi-  
21 nancial Accounting Standards Board, and the Public  
22 Company Accounting Oversight Board shall annually pro-  
23 vide oral testimony by their respective Chairpersons or a

1 designee of the Chairperson, beginning in 2007, and for  
2 5 years thereafter, to the Committee on Financial Services  
3 of the House of Representatives on their efforts to reduce  
4 the complexity in financial reporting to provide more accu-  
5 rate and clear financial information to investors, includ-  
6 ing—

7           (1) reassessing complex and outdated account-  
8           ing standards;

9           (2) improving the understandability, consist-  
10          ency, and overall usability of the existing accounting  
11          and auditing literature;

12          (3) developing principles-based accounting  
13          standards;

14          (4) encouraging the use and acceptance of  
15          interactive data; and

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

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[Report No. 109-5651]

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