



## COVID-19 Threat Reflected in Risk Factor Disclosures

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As of February 14, 2020, COVID-19, also known as coronavirus, has infected over 64,000 people in at least 24 countries and caused 1,384 deaths, mostly in mainland China. In response, governments around the world have instituted quarantines, closed or restricted border crossings, and limited the ability of goods and people to move freely around the world. As a result, companies across industries are facing intense disruptions in their day-to-day operations as factories remain shuttered and consumers stay home.

The SEC has taken notice and have begun disclosing their risk exposure to coronavirus. SEC Chairman Jay Clayton issued a statement on January 30, 2020, noting that he had instructed SEC staff to “monitor and, to the extent necessary or appropriate, provide guidance and other assistance to issuers and other market participants regarding disclosures related to the current and potential effects of the coronavirus. We recognize that such effects may be difficult to assess or predict with meaningful precision both generally and as an industry- or issuer-specific basis... However, how issuers plan for that uncertainty and how they choose to respond to events as they unfold can nevertheless be material to an investment decision.”

Companies, even with limited direct exposure to the coronavirus and its effects, should consider how this epidemic could impact their business and weigh whether an additional risk-factor disclosure is necessary.

View all of our COVID-19 perspectives [here](#). Contact a member of our COVID-19 Legal Task Force [here](#).

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