

PKF PERSPECTIVES

IN PLAIN ENGLISH

You do not have to work for a publicly-traded company to benefit from the recommendations contained in ***A Plain English Handbook: How to Create Clear SEC Disclosure Documents***. It is available from www.sec.gov free of charge and without copyright restrictions.

In business, we all have been on both ends of the writing dilemma: trying to understand complex documents and, on the other hand, trying to write clearly. We will summarize some of the recommendations contained in the ***Handbook*** and offer some of our own as well.

In the words of the former SEC Chairman Arthur Levitt “... *use whatever works for you.*” In the introduction to the ***Handbook***, Chairman Levitt candidly states that the SEC’s rules and communications also “... *need as strong a dose of plain English as any disclosure document.*”

Some Writing Tips from the SEC

- Analyze and decide what information you need to impart before you start writing.
- Avoid using superfluous words. For example:

<u>Use</u>	<u>Instead of</u>
although	“despite the fact that”
because	“owing to the fact that”
if	“in the event that”

- Avoid “shotgunning”, i.e., a blast of words hoping at least one conveys your intended meaning. Replace your laundry list of words with a single word or phrase.
- Know your audience. Use words they will understand.
- To the extent possible, avoid complex sentence structure. The longer and more complex a sentence, the harder it is for a reader to understand any single portion of it.

- Avoid redundancy.
- Sparingly use terminology that requires a definition.
- Work hard on your introduction.
- Use descriptive headers and subheaders.
- Always group related information together.
- Avoid the passive voice (e.g., “The stock is bought by the investor.”)
- Use the active voice (e.g., “The investor bought the stock.”)
- Use strong verbs as opposed to a noun derived from a verb (e.g., “We applied” is better than “We made an application”.)
- To the extent possible, use first person pronouns (we, us, our/ours) or second person pronouns (you, your/yours).
- Use concrete examples.
- Avoid negative compounds. For example:

<u>Use</u>	<u>Instead of</u>
unable	“not able”
reject	“not accept”
lacks	“does not have”

- To the extent possible, keep the **subject, verb** and **object** close together in a sentence. Modifiers should not interrupt this flow. For example:

Bad: “**Holders** of Class A and B certificates **will be entitled to receive** on each payment date, to the extent monies are available therefor, a **distribution**.”

Better: “Class A and B certificate **holders will receive a distribution** on each payment date if cash is available on those dates.”

- Ensure when listing a series of items that parallel parts of speech (e.g., nouns, verbs, etc.) are used. For example:

Bad: "Parallelism **reinforces** grammatically equal elements, **contributing** to ease in reading, and **will provide** clarity and rhythm."

Better: "Parallelism **reinforces** grammatically equal elements, **contributes** to ease in reading, and **provides** clarity and rhythm."

- Read your document aloud.
- Avoid the use of the word "respectively".
- Use tables to increase clarity.
- Use short paragraphs.
- Ask others to read your document; often a fresh pair of eyes picks up problems.

More Writing Tips Collected Over Time

- Spelling counts. Spell-checker does not flag homonyms (words that sound the same, are spelled differently and are different in meaning).
- Give a second check to: proper names, dates, figures.
- Ask yourself: does my document address (as necessary) the following: who, what, where, when, how and why?
- Do not over-punctuate. (It is just as bad as under-punctuating).
- Do not use contractions (e.g., can't, we've, etc.).
- Spell out dates, as opposed to using numeric depictions (e.g., do not use 8/5/06; use instead August 5, 2006; especially important when communicating with an overseas party).
- Care must be taken when drafting e-mail because it, too, is written communication and a reflection on yourself and your company.

- "Re" lines are helpful in letters.
- The old adage - "write as you speak" - does not work if you do not speak well, unless you are writing dialogue for a Broadway play.
- You are not "paid by the word," so be concise.
- A semi-colon (;) is not a colon (:) and should not be used interchangeably.

Semi-colon: most commonly (1) used to join related independent clauses in a compound sentence; and, (2) used to separate items in a series of elements that already contain commas.

Colon: most commonly used after a complete statement to introduce one or more directly related ideas, such as a series of directions, a list, a definition, a quotation, etc.

Example:

The Board of Directors of XYZ Company is comprised of: John Bennett, President; Peter Smith, Director of Finance; and Henry Forsgate, Chief Accountant.

- "I was an accounting major" is no excuse for poorly written communications.
- Everyone makes mistakes; learn from them.

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