Overview Section And Risk Factor Captions

the summary section and the opening of a risk factors section in a draft registration statement, checked against the drafting rules and the issuer's own record | Marked-up specimen

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A summary renamed rather than rewritten, a subcaption that does not describe the risk under it, generic risks left among the specific ones, and a page count that requires a second document.

ORIGINAL, WITH EDITS MARKED

SPECIMEN, PREPARED BY EDITFAST FOR ILLUSTRATION. NOT A REAL FILING. Prepared for Calder Instrument Corporation (fictitious), draft registration statement, summary and risk factors

EXTRACT FROM THE ISSUER'S RECORD (reproduced unchanged in both panels)

IR-1 The section headed Overview contains summary business and financial information and is the only summary in the document.

IR-2 The risk factors discussion runs to 22 pages in the current draft.

IR-3 The document contains no separate summary of principal risks.

IR-4 Counsel has identified three risks as specific to the company: supplier concentration, a single manufacturing site, and an expiring distribution agreement.

IR-5 Counsel has identified two risks as generic to any issuer in any offering: general economic conditions, and volatility in the trading market for newly listed securities.

IR-6 Adjusted Contribution is defined in the glossary at the back of the document.

IR-7 The offering has no pricing information section, and the document carries a summary section.

OVERVIEW

Notwithstanding the fact that the Company has not failed to achieve positive Adjusted Contribution in any of the three most recently completed fiscal years, no assurance can be given that such performance will not fail to continue.[1]

RISK FACTORS

Risk Factors Relating to Our Business[2]

We depend on a limited number of suppliers.

General economic conditions may affect us.[3]

We operate a single manufacturing facility.

The trading market for newly listed securities can be volatile.[4]

Our distribution agreement expires.

WHAT CHANGED, AND WHY

#	Was	Now	Reason
1	Notwithstanding the fact that the Company has not failed to achieve positive Adjusted Contribution in any of the three most recently completed fiscal years, no assurance can be given that such performance will not fail to continue.	The Company earned a positive Adjusted Contribution in each of its three most recently completed fiscal years. It may not do so in future years.	IR-1 records this section as summary business and financial information, so Item 503 carries the plain English requirement into it whatever the caption says. The original sentence carries five negative-bearing words and one passive construction, against the principles at 421(d)(2)(iii) and (vi). The defined term is left as the issuer wrote it, and the glossary placement is raised as a query.
2	Risk Factors Relating to Our Business	(removed)	Item 105(a) says each risk factor should be set forth under a subcaption that adequately describes the risk. A subcaption naming a category describes none of the five items beneath it, and those five are not one risk. The RISK FACTORS heading above it is retained, and the category subcaption is deleted rather than replaced.
3	General economic conditions may affect us.	General Risk Factors	Item 105(a) provides that generic risk factors, to the extent they are presented, are disclosed at the end of the section under the caption "General Risk Factors." IR-5 records the two the issuer treats as generic. The caption is inserted, and this item moves below the specific risks with its wording unchanged.
4	The trading market for newly listed securities can be volatile.	The trading market for newly listed securities can be volatile.	The item is unchanged in wording and moves position only, to sit under the General Risk Factors caption with the other generic item IR-5 names.
5	(nothing in the forepart summarizes the principal risks)	[Query to the issuer: IR-2 records the risk factors discussion at 22 pages and IR-3 records no summary of principal risks. Item 105(b) calls for a series of concise, bulleted or numbered statements of no more than two pages in the forepart where the discussion runs longer than 15 pages. Which risks are principal is the issuer's determination, so the list is raised rather than drafted.]	Item 105(b) makes the summary a function of length, and IR-2 supplies the length. Selecting the principal risks is a judgment for the issuer and its counsel, so the requirement is raised and left to them.