

# 6

## Writing in Plain English

We thought it would be helpful to list the most common problems we've encountered with disclosure documents.

### **Common problems**

- Long sentences
- Passive voice
- Weak verbs
- Superfluous words
- Legal and financial jargon
- Numerous defined terms
- Abstract words
- Unnecessary details
- Unreadable design and layout

In the following pages we offer some ways to fix these problems.

For example, here's a common sentence found in prospectuses:

: NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY  
: INFORMATION OR MAKE ANY REPRESENTATION OTHER  
: THAN THOSE CONTAINED OR INCORPORATED BY REFER-  
: ENCE IN THIS JOINT PROXY STATEMENT/PROSPECTUS,  
: AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRE-  
: SENTATION MUST NOT BE RELIED UPON AS HAVING BEEN  
: AUTHORIZED.

Here's one possible plain English rewrite:

: You should rely only on the information contained in this document  
: or that we have referred you to. We have not authorized anyone to  
: provide you with information that is different.

We've listed just some of the many books on how to write clearly in Chapter 11. We urge you to consult them, too.

The plain English rewrite uses everyday words, short sentences, active voice, regular print, and personal pronouns that speak directly to the reader.

Do you think the rewrite captures the meaning of the original? Would you write it differently?

Throughout this chapter, you'll find "before" examples from disclosure documents with plain English "after" examples to illustrate specific principles of plain English. Since some of the "before" examples contain ambiguities that can be successfully resolved only by studying their context in a particular document, we did not attempt to provide rewrites to cover every interpretation. We encourage you to write your own plain English versions to fit your views and your needs. We don't want to create a new generation of plain English "boilerplate."

Although the principles that follow may sound deceptively simple, if you use them, your writing will improve dramatically.



"Straightforward sentences sound unimpressive to many writers, and officialese, creating tin ears, perpetuates itself."

Claire Kehrwald Cook  
*Line by Line*

## Use the active voice with strong verbs

The plodding verbosity of most disclosure documents makes readers yearn for clear words and short sentences. The quickest fix lies in using the active voice with strong verbs. Strong verbs are guaranteed to liven up and tighten any sentence, virtually causing information to spring from the page. When you start to rewrite or edit your work, highlighting all the verbs can help. You may be surprised by the number of weak verbs, especially forms of “to be” or “to have” that you’ll find.

The time you spend searching for a precise and strong verb is time well spent. When a verb carries more meaning, you can dispense with many of the words used to bolster weak verbs.

Weak verbs keep frequent company with two more grammatical undesirables: passive voice and hidden verbs. In tandem, they add unnecessary length and confusion to a sentence.

### The active and passive voices

If you need it, here’s a quick refresher on the active and passive voice.

- **active**
- The investor buys the stock.

In the active voice, the subject of the sentence, the investor, performs the action, buying the stock.

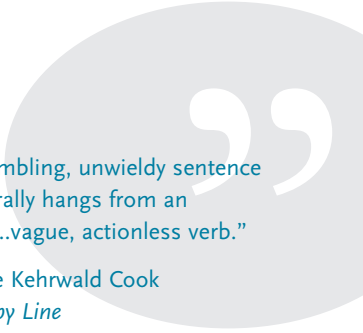
- **passive**
- The stock is bought by the investor.

In the passive voice the subject, the stock, is acted upon. The person or the thing doing the action is introduced with “by.” But sometimes, the person or thing doing the action is deleted, leading to...

- **passive with agent deleted**
- The stock is bought.

You don’t know who bought the stock. You’ll find many examples of the “passive with agent deleted” in disclosure documents.

Readers understand sentences in the active voice more quickly and easily because it follows how we think and process information. Many times the passive voice forces readers to take extra mental steps as they convert the passive into the active.



“A rambling, unwieldy sentence generally hangs from an inert...vague, actionless verb.”

Claire Kehrwald Cook  
*Line by Line*



“When you make all the verbs active, other economies suggest themselves.”

Claire Kehrwald Cook  
*Line by Line*

To recognize the passive voice, ask yourself:

Does the sentence use a form of the verb “to be” with:

- another verb in the past tense; and
- a prepositional phrase beginning with “by”?

Remember that it’s harder to recognize the passive voice when the object (the phrase introduced with “by”) is left out. When you rewrite the sentence in the active voice, use a strong verb. These examples show how strong verbs and the active voice transform sentences, making them shorter and easier to understand.

• **before**

• The foregoing Fee Table **is intended** to assist investors in understanding the costs and expenses that a shareholder in the Fund will bear directly or indirectly.

The before example uses the passive with agent deleted. We don’t know who “intended” to assist investors. Note how long it took to get to the meat of the sentence—the costs and expenses. Dispensing with the filler words “...to assist investors in understanding...” moves the reader more quickly to the important points.

• **after**

• This table describes the fees and expenses that you may pay if you buy and hold shares of the fund.

Here’s another example:

• **before**

• The proxies solicited hereby for the Heartland Meeting **may be revoked**, subject to the procedures described herein, at any time up to and including the date of the Heartland Meeting.

• **after**

• You may revoke your proxy and reclaim your right to vote up to and including the day of the meeting by following the directions on page 10.

The plain English version tells you who may revoke a proxy and where to find the information on how to do it. It replaces the abstract “subject to the procedures described herein” with concrete, everyday words, “by following the directions on page 10.” It’s not enough merely to translate existing texts—the key is to add useful information.

## Don't ban the passive voice, use it sparingly

As with all the advice in this handbook, we are presenting guidelines, not hard and fast rules you must always follow. The passive voice may make sense when the person or thing performing the action is of secondary importance to another subject that should play the starring role in sentence. Use the passive voice only when you have a very good reason for doing so. When in doubt, choose the active voice.

## Find hidden verbs

Does the sentence use any form of the verbs “to be,” “to have,” or another weak verb, with a noun that could be turned into a strong verb? In these sentences, the strong verb lies hidden in a nominalization, a noun derived from a verb that usually ends in *-tion*. Find the noun and try to make it the main verb of the sentence. As you change nouns to verbs, your writing becomes more vigorous and less abstract.

• <b>before</b>	<b>after</b>
• We made an <b>application</b> ...	• We <b>applied</b> ...
• We made a <b>determination</b> ...	• We <b>determined</b> ...
• We will make a <b>distribution</b> ...	• We will <b>distribute</b> ...

• **before**  
• We will provide appropriate **information** to shareholders concerning...

• **after**  
• We will **inform** shareholders about...

• **before**  
• We will have no stock **ownership** of the company.

• **after**  
• We will not **own** the company's stock.

• **before**  
• There is the possibility of prior Board **approval** of these investments.

• **after**  
• The Board might **approve** these investments in advance.



“Thanks to the existence of pronouns, we are spared a soporific redundancy in literature, speech, and songs.”

Karen Elizabeth Gordon  
*The Transitive Vampire*

## Try personal pronouns

No matter how sophisticated your audience is, if you use personal pronouns the clarity of your writing will dramatically improve. Here’s why.

**First**, personal pronouns aid your reader’s comprehension because they clarify what applies to your reader and what applies to you.

**Second**, they allow you to “speak” directly to your reader, creating an appealing tone that will keep your reader reading.

**Third**, they help you to avoid abstractions and to use more concrete and everyday language.

**Fourth**, they keep your sentences short.

**Fifth**, first- and second-person pronouns aren’t gender-specific, allowing you to avoid the “he or she” dilemma. The pronouns to use are first-person plural (we, us, our/ours) and second-person singular (you, your/yours).

Observe the difference between these two examples:

• **before**

• This Summary does not purport to be complete and is qualified  
• in its entirety by the more detailed information contained in the  
• Proxy Statement and the Appendices hereto, all of which should  
• be carefully reviewed.

• **after**

• Because this is a summary, it does not contain all the information  
• that may be important to you. You should read the entire proxy  
• statement and its appendices carefully before you decide how  
• to vote.

## Bring abstractions down to earth

Abstractions abound in the financial industry. What pictures form in your mind when you read these phrases: mutual fund, the Dow Jones Industrial Average, zero coupon bond, call option, or foreign currency trading? Most people don't have an image in their minds when they hear abstract words like these. And yet, it's far easier to comprehend a concept or a situation when your mind can form images.

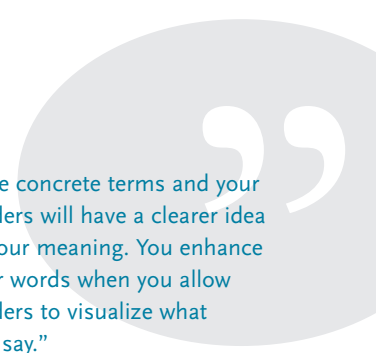
In a study conducted at Carnegie-Mellon University, a cognitive psychologist and an English professor discovered that readers faced with complex written information frequently resorted to creating “scenarios” in an effort to understand the text. That is, they often made an abstract concept understandable by using it in a hypothetical situation in which *people performed actions*.

You can make complex information more understandable by giving your readers an example using one investor. This technique explains why “question and answer” formats often succeed when a narrative, abstract discussion fails.

Here is an example of how this principle can be used to explain an abstract concept—call options:

• For example, you can buy an option from Mr. Smith that gives you the right to buy 100 shares of stock X from him at \$25.00 per share anytime between now and six weeks from now. You believe stock X's purchase price will go up between now and then. He believes it will stay the same or go down. If you exercise this option before it expires, Mr. Smith must sell you 100 shares of stock X at \$25.00 per share, even if the purchase price has gone up. Either way, whether you exercise your option or not, he keeps the money you paid him for the option.

Although it is impossible to eliminate all abstractions from writing, always use a more concrete term when you can.



“Use concrete terms and your readers will have a clearer idea of your meaning. You enhance your words when you allow readers to visualize what you say.”

Bryan A. Garner  
*The Elements of Legal Style*

Read this list of progressively less abstract terms and consider how you might make abstract concepts you write about more concrete:

• Asset ➔ Investment ➔ Security ➔ Equity ➔ Stock ➔  
• ➔ Common stock ➔ One share of IBM common stock

The following examples show how you can replace abstract terms with more concrete ones and increase your reader's comprehension:

“

“Language that is more concrete and specific creates pictures in the mind of [your] listener, pictures that should come as close as possible to the pictures in your mind.”

William Lutz  
*The New Doublespeak:  
Why No One Knows What  
Anyone's Saying Anymore*

• **before**  
• Sandyhill Basic Value Fund, Inc. (the “Fund”) seeks **capital appreciation** and, secondarily, income by investing in securities, primarily equities, that management of the Fund believes are **undervalued** and therefore represent **basic investment value**.

• **after**  
• At the Sandyhill Basic Value Fund, we will strive to increase the value of your shares (capital appreciation) and, to a lesser extent, to provide income (dividends). We will invest primarily in undervalued stocks, meaning those selling for low prices given the financial strength of the companies.

• **before**  
• No **consideration** or **surrender** of Beco Stock will be required of shareholders of Beco in return for the shares of Unis Common Stock issued **pursuant to the Distribution**.

• **after**  
• You will not have to turn in your shares of Beco stock or pay any money to receive your shares of Unis common stock from the spin-off.

## Omit superfluous words

Words are superfluous when they can be replaced with fewer words that mean the same thing. Sometimes you can use a simpler word for these phrases:

superfluous	simpler
in order to	to
in the event that	if
subsequent to	after
prior to	before
despite the fact that	although
because of the fact that	because, since
in light of	because, since
owing to the fact that	because, since

Another source of superfluous words is “shotgunning”: letting loose a blast of words hoping at least one conveys your intended meaning. The simplest solution here is to replace your laundry list of adjectives with a single word or phrase that adequately expresses your intended meaning.

Omitting superfluous words is one of the easiest ways to improve your disclosure document because it doesn’t require you to revise sentence structure.

- before**  
The following summary **is intended only** to highlight certain information **contained elsewhere** in this Prospectus.
- after**  
This summary highlights some information from this Prospectus.
- before**  
Machine Industries and Great Tools, Inc. **are each subject to the information requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith** file reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”).
- after**  
We file annual, quarterly, and special reports, proxy statements, and other information with the Securities and Exchange Commission (SEC).

“...the most valuable of all talent, that of never using two words where one will do.”

Thomas Jefferson

For an expanded explanation of “shotgunning,” see Richard Wydick’s *Plain English for Lawyers*.



“Vigorous writing is concise. A sentence should contain no unnecessary words...for the same reason that a drawing should have no unnecessary lines and a machine no unnecessary parts.”

Strunk and White  
*The Elements of Style*

• **before**

• Drakecorp has **filed** with the Internal Revenue Service a **tax ruling request concerning, among other things**, the tax consequences of the Distribution to the United States holders of Drakecorp Stock. It is expected **that the Distribution of Beco Common Stock to the shareholders of Drakecorp** will be tax-free **to such shareholders** for federal income tax **purposes**, except **to the extent** that cash is received for fractional share **interests**.

• **after**

• While we expect that this transaction will be tax free for U.S. shareholders at the federal level (except for any cash paid for fractional shares), we have asked the Internal Revenue Service to rule that it is.

## Write in the “positive”

Positive sentences are shorter and easier to understand than their negative counterparts. For example:

• **before**

• Persons other than the primary beneficiary may not receive these dividends.

• **after**

• Only the primary beneficiary may receive these dividends.

Also, your sentences will be shorter and easier to understand if you replace a negative phrase with a single word that means the same thing.

For example:

• **negative compound**

• not able

• not accept

• not certain

• not unlike

• does not have

• does not include

• not many

• not often

• not the same

• not ... unless

• not ... except

• not ... until

**single word**

unable

reject

uncertain

similar, alike

lacks

excludes, omits

few

rarely

different

only if

only if

only when



“There’s not much to be said about the period except that most writers don’t reach it soon enough.”

William Zinsser  
*On Writing Well*

## Use short sentences

No one likes to read a sentence that’s two pages long. And yet, lengthy, information-packed sentences choke many prospectuses today. To complicate matters further, these sentences are filled with jargon and legalese. The longer and more complex a sentence, the harder it is for readers to understand any single portion of it.

### • before

• The following description encompasses all the material terms and provisions of the Notes offered hereby and supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Debt Securities (as defined in the accompanying Prospectus) set forth under the heading “Description of Debt Securities” in the Prospectus, to which description reference is hereby made. The following description will apply to each Note unless otherwise specified in the applicable Pricing Supplement.

If you really want to root out the problem with this paragraph, you need to think of the deeper reasons why it doesn’t work. If you look beyond the language used, you’ll find that it presents complex information without first providing a context for the reader.

The rewrites that follow show two ways to provide the context, with and without tabulation.

### • after

• We provide information to you about our notes in three separate documents that progressively provide more detail: 1) the prospectus, 2) the prospectus supplement, and 3) the pricing supplement. Since the terms of specific notes may differ from the general information we have provided, in all cases rely on information in the pricing supplement over different information in the prospectus and the prospectus supplement; and rely on this prospectus supplement over different information in the prospectus.

or

We provide information to you about our notes in three separate documents that progressively provide more detail:

1 The Prospectus

*General information that may or may not apply to each note.*

2 The Prospectus Supplement

*More specific than the prospectus, and to the extent information differs from the prospectus, rely on the different information in this document.*

3 The Pricing Supplement

*Provides final details about a specific note including its price. To the extent information differs from the prospectus or the prospectus supplement, rely on the different information in this document.*

Information-packed sentences leave most investors scratching their heads. So many of these sentences have become “boilerplate” that writers cut and paste them into new documents without thinking about how they can be improved. Since these sentences can be a little intimidating, we thought we’d tackle another one:

before

The Drake Capital Corporation (the “Company”) may offer from time to time its Global Medium-Term Notes, Series A, Due from 9 months to 60 Years From Date of Issue, which are issuable in one or more series (the “Notes”), in the United States in an aggregate principal amount of up to U.S. \$6,428,598,500, or the equivalent thereof in other currencies, including composite currencies such as the European Currency Unit (the “ECU”) (provided that, with respect to Original Issue Discount Notes (as defined under “Description of Notes—Original Issue Discount Notes”), the initial offering price of such Notes shall be used in calculating the aggregate principal amount of Notes offered hereunder).

after

The Drake Capital Corporation may offer at various times up to U.S. \$6,428,598,500 worth of Global Medium-term notes. These notes will mature from 9 months to 60 years after the date they are purchased. We will offer these notes in series, starting with Series A, and in U.S., foreign, and composite currencies, like the European Currency Unit. If we offer original issue discount notes, we will use their initial offering prices to calculate when we reach \$6,428,598,500.

“A subject may have so many qualifications that readers forget what it is before they find out what it does.”

Claire Kehrwald Cook  
*Line by Line*

As you can see, one long sentence became four shorter sentences. The paragraph moves from the general to the specific, contains short, common words, and is written in the active voice. You only need to read the paragraph once to understand it.

### **Replace jargon and legalese with short, common words**

Ruthlessly eliminate jargon and legalese. Instead, use short, common words to get your points across. In those instances where there is no plain English alternative, explain what the term means when you first use it.

If you have been in the financial or legal industry for awhile, it may be hard to spot jargon and legalese in your writing. Consider asking someone outside the industry to check your work for incomprehensible words.

Last, don't create new jargon that's unique to your document in the form of acronyms or other words. It's asking too much of your readers to memorize a new vocabulary while they are trying to understand complicated concepts. This holds true for individual and institutional investors. Note the following, which is the first sentence on the cover page of an exchange offer:

⋮ NLR Insured Mortgage Association, Inc., a Delaware corporation  
⋮ (“NLR MAE”), which is an actively managed, infinite life, New York  
⋮ Stock Exchange-listed real estate investment trust (“REIT”), and  
⋮ PAL Liquidating REIT, Inc., a newly formed, finite life, self-liquidat-  
⋮ ing Delaware corporation which intends to qualify as a REIT (“PAL  
⋮ Liquidating REIT”), hereby jointly offer, upon the terms and subject  
⋮ to the conditions set forth herein and in the related Letters of  
⋮ Transmittal (collectively, the “Offer”), to exchange (i) shares of NLR  
⋮ MAE’s Common Stock, par value \$.01 per share (“NLR MAE  
⋮ Shares”), or, at the option of Unitholders, shares of PAL Liquidating  
⋮ REIT’s Common Stock, par value \$.01 per share (“PAL Liquidating  
⋮ REIT Shares”), and (ii) the right to receive cash payable 60 days  
⋮ after closing on the first of any Acquisitions (as defined below) but  
⋮ in no event later than 270 days (nine months) following consumma-  
⋮ tion of the Offer (the “Deferred Cash Payment”), for all outstanding  
⋮ Limited Partnership Interests and Depository Units of Limited  
⋮ Partnership Interest (collectively, “Units”) in each of PAL Insured  
⋮ Mortgage Investors, a California limited partnership (“PAL 84”),  
⋮ PAL Insured Mortgage Investors - Series 85, A California Limited  
⋮ Partnership, a California limited partnership (“PAL 85”), and PAL  
⋮ Insured Mortgage Investors L.P. - Series 86, a Delaware limited  
⋮ partnership (“PAL 86”). See “THE OFFER.”



“Clearness is secured by using the words...that are current and ordinary.”

Aristotle  
*Rhetoric*

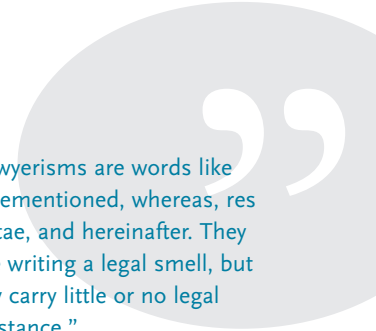
This sentence suffers from many shortcomings. It's long and laden with defined terms and other data that mask the fundamental information: the two companies are offering to exchange their stock for the investors' limited partnership holdings. Some of the information, such as par value and places of incorporation, can be moved to another part of the document. Much of the language modifies the subjects and the objects: this language, too, can be moved to a separate sentence or another section of the prospectus.

This example shows the hazards of creating unfamiliar acronyms. They provide false economies, especially when they are introduced on the cover page and in the first pages of the prospectus. They may save a few words, but they may also frustrate and force the reader to take more time and effort to understand the document. Where acronyms, such as REIT, are widely understood to the investing public, they can safely be used without creating confusion.

Occasionally, it's necessary to assign a shorter word to a long proper noun and use this word throughout the rest of the document. In these rare instances, try to choose a word that has an intuitive, logical relationship to the one it's replacing. This reduces the number of new words or phrases the reader needs to memorize to understand the document.

### **Choose the simpler synonym**

Surround complex ideas with short, common words. For example, use *end* instead of *terminate*, *explain* rather than *elucidate*, and *use* instead of *utilize*. When a shorter, simpler synonym exists, use it.



“Lawyerisms are words like aforementioned, whereas, res gestae, and hereinafter. They give writing a legal smell, but they carry little or no legal substance.”

Richard C. Wydick  
*Plain English for Lawyers*

## Keep the subject, verb, and object close together

Short, simple sentences enhance the effectiveness of short, common words. We've covered a number of guidelines for writing shorter sentences, but there are a few more you can use to streamline your writing further.

To be clear, sentences must have a sound structure. Here are a few ways to ensure yours do.

The natural word order of English speakers is *subject-verb-object*. Your sentences will be clearer if you follow this order as closely as possible. In disclosure documents, this order is frequently interrupted by modifiers. For example:

Modifiers are words or phrases that describe or limit the subject, verb, or object.

### • before

• **Holders** of the Class A and Class B-1 certificates **will be entitled to receive** on each Payment Date, to the extent monies are available therefor (but not more than the Class A Certificate Balance or Class B-1 Certificate Balance then outstanding), **a distribution**.

### • after

• Class A and Class B-1 certificate **holders will receive a distribution** on each payment date if cash is available on those dates for their class.

### • before

• **The following description** of the particular terms of the Notes offered hereby (referred to in the accompanying Prospectus as the "Debt Securities") **supplements, and** to the extent inconsistent therewith **replaces, the description** of the general terms and provisions of the Debt Securities set forth **in the Prospectus**, to which description reference is hereby made.

### • after

• This document describes the terms of these notes in greater detail than our prospectus, and may provide information that differs from our prospectus. If the information does differ from our prospectus, please rely on the information in this document.

## Write using “if-then” conditionals

Conditional statements are very common in disclosure documents—although they are rarely written that way. When we rewrote the last example as a conditional, we followed the natural English word order very closely. That’s why the sentence is easier to read.

Here are four rules of thumb to help you write conditional statements effectively:

- **One “if,” one “then”** When there is only one *if* and one *then*, starting with the *if* may spare some of your readers from having to read the rest of the sentence. In these cases, the *if* clause defines who or what the “then” clause applies to.

If you invested in Class A shares, then...

- **One “if,” multiple “thens”** When there is only one *if* and more than one *then*, start with the *if* and tabulate the *thens*.
- **Multiple “ifs,” one “then”** When there is only one *then* and more than one *if*, start with the *then* and tabulate the *ifs*.
- **Multiples “ifs” and “thens”** When there is more than one *if* and more than one *then*, you’ll probably need to break it down into more than one sentence, taking care to specify which *ifs* apply to which *thens*. If the information is still unclear, consider presenting the information in a table.



“Parallelism reinforces grammatically equal elements, contributes to ease in reading, and provides clarity and rhythm.”

Horner/Webb/Miller  
*Harbrace College Handbook*

## Keep your sentence structure parallel

A long sentence often fails without a parallel structure. Parallelism simply means ensuring a list or series of items is presented using parallel parts of speech, such as nouns or verbs. Note the quotation in the margin.

In this section, we’ve shown each parallel structure we’ve used in bold.

Here’s an example from a mutual fund prospectus that lacks parallel structure:

• **before**

• If you want to buy shares in Fund X by mail, **fill out** and **sign** the Account Application form, **making** your check payable to “The X Fund,” and **put** your social security or taxpayer identification number on your check.

• **after**

• If you want to buy shares in Fund X by mail, **fill out** and **sign** the Account Application form, **make** your check payable to “The X Fund,” and **put** your social security or taxpayer identification number on your check.

Here is a more subtle example from another mutual fund prospectus:

• **before**

• We invest the Fund’s assets in short-term money market securities **to provide** you with **liquidity, protection** of your investment, and **high** current income.

This sentence is unparallel because its series is made up of two nouns and an adjective before the third noun. It’s also awkward because the verb *provide* is too closely paired with the nominalization *protection*.

One logical revision to the original sentence is to change the noun series to a verb series.

• **after**

• We invest in short-term money market securities **to provide** you with liquidity, **to protect** your investment, and **to generate** high current income.

All writers, regardless of their degree of expertise, occasionally write unparallel sentences. The best way to rid your document of them is to read through it once solely to find these mistakes. Reading your document aloud can make unparallel constructions easier to spot.

## Steer clear of “respectively”

How easy is it to read the following sentence once and understand what it means?

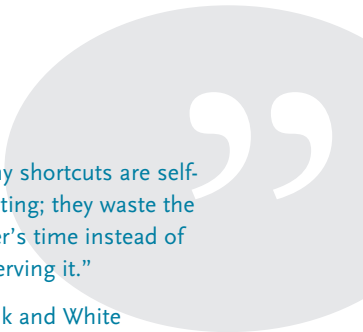
••• **before**

••• The Senior Notes and the guarantee (the “Guarantee”) of the  
••• Senior Notes by Island Holdings will constitute unsecured senior  
••• obligations of the Issuer and Island Holdings, respectively.

••• **after**

••• The senior notes are an unsecured senior obligation of the issuer,  
••• while the guarantee of the senior notes is an unsecured senior  
••• obligation of Island Holdings.

Whenever you use “respectively,” you force your reader to go back and match up what belongs to what. You may be saving words by using “respectively,” but your reader has to use more time and read your words twice to understand what you’ve written. •



“Many shortcuts are self-defeating; they waste the reader’s time instead of conserving it.”

Strunk and White  
*The Elements of Style*