Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549–1090

July 20, 2026

Re: Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies ("proposed amendments") (File Number S7-2026-18)

Dear Secretary Countryman:

The undersigned 49 investors, labor unions, and public interest organizations write to urge the Securities and Exchange Commission (SEC) to refrain from adopting the proposed amendments. These far-reaching amendments, if adopted, would harm investors, make markets less fair and efficient, and increase the cost of capital. Additionally, the proposed reforms stand on a flawed economic analysis and tenuous legal authority. Lastly, they would not further the SEC's stated goal of increasing the number of initial public offerings (IPOs).

The SEC Has Not Provided Adequate Time to Assess the Proposed Changes, Which Are Highly Consequential and Represent a Major Overhaul of Public Markets

In just the month of May, the SEC issued four highly consequential, complex releases, proposing to amend dozens of rules that have been on the books for decades. The four releases together propose to permit semiannual in lieu of mandatory quarterly reporting;[1] collapse the filer status framework;[2] fundamentally restructure the registered offering process;[3] and rescind the climate-related disclosure rule.[4] The SEC itself has labeled the collective impact of the filer status framework and registered offerings proposals as "transformative,"[5] and legal experts have labeled the collective actions in the four releases as "the largest regulatory revision of the Securities Acts during the Commission's over 90-year history."[6] However, the SEC is only providing 60-day, overlapping comment periods encompassing the Independence Day holiday, which is not enough time for the public to review and develop thorough responses to each proposal.

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[1] Securities and Exchange Commission. "SEC Proposes Amendments to Permit Optional Semiannual Reporting by Public Companies." May 5, 2026.
[2] Securities and Exchange Commission. "SEC Proposes Transformative Reforms to Help Public Companies Conduct Registered Offerings and Simplify Reporting Requirements." May 19, 2026.
[3] *Id.*
[4] Securities and Exchange Commission. "SEC Proposes Rescission of Climate-Related Disclosure Rules." May 29, 2026.
[5] Securities and Exchange Commission. "SEC Proposes Transformative Reforms to Help Public Companies Conduct Registered Offerings and Simplify Reporting Requirements." May 19, 2026.
[6] Coates, John C. et al. "Comment on SEC Proposal, *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies*." June 26, 2026 at 9.

These proposed amendments are highly consequential, as they would exempt 81 percent of public companies — non-accelerated filers — from a suite of disclosures and other requirements. In the executive compensation realm, companies would be exempted from providing the CEO to median worker pay ratio, pay versus performance disclosures, and the compensation discussion and analysis. Additionally, companies would not have to conduct shareholder advisory votes on executive compensation matters, including say-on-pay, say-on-pay frequency, and golden parachute votes. Congress imposed many of these requirements in the Dodd-Frank Act in recognition of the role executive pay incentives played in contributing to the Global Financial Crisis. Other critical disclosures that would no longer be required for non-accelerated filers are risk factors and policies and procedures for the review, approval, or ratification of related party transactions. These companies would also be exempted from auditor attestation of internal control over financial reporting (ICFR), a key requirement Congress instituted under the Sarbanes-Oxley Act (SOX) to prevent accounting and auditing frauds like Enron and WorldCom. Many of these requirements were adopted after thorough SEC study and notice and comment rulemaking processes, which led to the conclusion that the benefits of these requirements exceeded their expected costs. Despite this, the SEC now proposes to do away with these requirements for a supermajority of companies in one fell swoop, without adequately explaining why the analysis accompanying the prior rulemakings was flawed or what has changed to justify such dramatic alterations.

The Proposed Amendments Would Increase the Incidence of Fraud, Harm Investors, Make Markets Less Fair and Efficient, and Increase the Cost of Capital

The proposed reforms would significantly decrease disclosure and other requirements, which would negatively affect investors, markets, and capital formation, including through increased investor costs, less informed investment decisions, greater market mispricing, and misallocation of capital across the economy.

First, the proposed reforms would impose additional costs on investors. Scaled reporting will not reduce investors' need for the information a supermajority of companies will be exempted from disclosing. Instead, the proposed rules would shift the costs of obtaining such information from the issuers who have easy access to the required information to investors who will be forced to purchase such information from private data providers. Such information will be less complete and less reliable than SEC-mandated disclosures.

Second, the quality of the information will also be impaired due to the lack of auditor attestation of ICFR. The significance of this gap is empirically established: research has found that among companies with ineffective internal controls, the expected rate of full and accurate disclosure without auditor attestation ranges between only eight and 15 percent.[7] When internal control weaknesses go undetected or unremediated because they have not been subjected to independent

[7] *See* Benoit, Robert. Lord & Benoit, LLC. "Bridging the Sarbanes-Oxley Disclosure Control Gap." 2006 at 3.

auditor scrutiny, the risk of material misstatement, financial fraud, and restatement significantly increases.[8]

Third, the significant decrease in information available to all investors would make markets less fair. There would be more material nonpublic information available to corporate insiders and others with business or personal relationships with issuers or management, putting retail and index fund investors at a disadvantage.

Fourth, the proposed amendments would undermine capital formation, as reduced transparency may result in investors seeking a higher risk premium or avoiding investments in companies that are exempted from disclosures and other requirements. Transparency is critical to forming and maintaining investments. The reduced visibility from the significant decrease in information elevates risk and widens information gaps, which can deter long-term institutional capital investment. This could have the opposite intended effect on IPOs, as the knowledge that companies that have been public for less than five years will be exempt from critical disclosures and other requirements might negatively impact IPO pricing.[9]

Fifth, the proposed amendments would also undermine efficient capital allocation. If investors lack robust disclosures, high-quality companies can lose out in capital raising to lower-quality companies.

The SEC's Economic Analysis Is Flawed

There are many flaws in the SEC's economic analysis. We will focus on just four. First, the SEC did not conduct an individualized assessment of whether each proposed change is independently justified. Instead it bundled a substantial number of discrete amendments in its economic analysis. In addition, the SEC ignored some of its proposals entirely in its economic analysis.[10] If the SEC proposed any of these amendments individually, it would have had to perform a thorough, individualized assessment of each of their impacts. Instead, the SEC is attempting to eliminate a long list of regulatory obligations for a supermajority of companies in one single release.

Second, the SEC has made no attempt to assess how the changes proposed in this release interact with the changes proposed in the three other releases simultaneously subject to public comment, as discussed above. Each of these proposals independently reduces the disclosure obligations of public

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[8] *See* Brickey, Kathleen F. "From Enron to Worldcom and Beyond: Life and Crime After Sarbanes-Oxley." Washington University Law Review. 2003.

[9] *See* Barth, Mary E., Wayne R. Landsman, and Daniel J. Taylor. "The JOBS Act and Information Uncertainty in IPO Firms." Stanford Graduate School of Business. January 2017. (finding that Emerging Growth Companies taking advantage of certain reduced disclosure requirements was associated with larger underpricing and post initial public offering volatility). *See also* Leone, Andrew J. and Steve Rock. "Disclosure of Intended Proceeds and Underpricing in Initial Public Offerings." Journal of Accounting Research. February 2007. (finding that more specific disclosures about intended use of proceeds are associated with lower IPO underpricing).

[10] Coates, John C. et al. "Comment on SEC Proposal, *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies*." June 26, 2026 at 21.

companies. Taken together, their combined effect on investor protection, market integrity, and the total information environment for investors is dramatically larger than the sum of the individual parts. An investor assessing whether to provide capital to a newly-public company under the regime created if the proposals included in these four releases are all adopted would face a significantly different information environment than the SEC's release-by-release analysis acknowledges.

Third, there are no clear rationales provided for how the SEC decided to draw the line between companies that would be required to provide the full suite of disclosures and abide by other longstanding requirements and those that would be exempted, including its choice to: 1) increase the public float threshold from $700 million to $2 billion; 2) use public float as a metric at all;[11] and 3) increase the seasoning period for newly-public companies from one to five years.

Fourth, the SEC does not acknowledge how technology has fundamentally transformed disclosure production, including by reducing costs to companies of producing disclosure and the costs to investors of digesting and analyzing the information provided. The marginal cost of drafting, formatting, filing, and distributing the disclosures the SEC proposes to eliminate is a rounding error in the budget of any company with a public float approaching $700 million. We are no longer living in a world where disclosure documents are filed physically or through early EDGAR systems, or where printing, typesetting, and distribution costs were far more significant.

The SEC Does Not Have the Authority to Make the Sweeping Exemptions It Is Proposing

By changing the definition of large accelerated filer, the SEC is attempting to grant sweeping exemptions to 81 percent of public companies. The SEC's legal authority to do so is tenuous at best. First, although the SEC has broad exemptive authority under the Securities Exchange Act, such authority is not unlimited, as exemptions need to be "necessary or appropriate in the public interest" and "consistent with the protection of investors."[12] As discussed above, these proposals, if implemented, would undermine investor protection — and the public interest.

Second, Congress did not extend this exemptive authority to the SEC under SOX. The requirement for auditor attestation of ICFR is a provision of SOX,[13] not the Exchange Act, and SOX contains no general exemptive provisions. Instead, the JOBS Act amended SOX to specifically exempt emerging growth companies[14] and any company that is "neither a large accelerated filer nor an accelerated filer."[15] The SEC is attempting to use a definitional gimmick — dramatically expanding the

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[11] *Id.* at 13-14 ("In a period when unicorns . . . have become an increasingly significant proportion of securities offerings, reliance on public float or public float alone is increasingly question-begging. There is no strong reason to believe that the size of the public float – which is to a large extent something that can be chosen or managed by corporate executives – is a reasonable proxy for the need for enhanced disclosures, faster financial accounting updating, or control attestations.").
[12] 15 U.S. Code § 78mm(a)(1).
[13] Sarbanes-Oxley Act § 404(b).
[14] JOBS Act § 103.
[15] Sarbanes-Oxley Act § 404(c). (internal citations omitted)

definition of non-accelerated filer — to achieve its goals without invoking any express authority to grant such broad exemptions. This is in direct contravention of Congressional intent.

The Proposed Amendments Would Not Further the SEC's Stated Goal

While the stated justification of this proposal is the SEC's goal of increasing the number of companies that go public each year, the central reason for the decline in initial public offerings has been the deregulation of private markets, not the costs associated with public company disclosure requirements. Over the years, both the SEC and Congress have expanded the number of investors eligible to purchase securities in unregistered transactions and the number of shareholders a company can have while remaining private, liberalized the methods private companies can use to solicit investors, and eased restrictions on the ability of investors in private companies to resell their securities in unregistered transactions.[16] Together, these changes in law and regulations have allowed many private companies to meet their capital and liquidity needs without accessing the public markets for longer periods of time.

Meanwhile, the role of regulatory costs in the decline of initial public offerings is minimal. Indeed, a 2021 study found that "[r]emoving all estimated regulatory costs increases the average IPO likelihood after 2000 from 0.95% to 1.4%, which explains only 7.4% of the decline in IPO likelihood from pre-2000 to post-2000."[17] Moreover, the approach ignores what is likely the single most significant cost impeding public offerings, the commission imposed by investment banks, a charge that falls disproportionately on smaller issuers.[18] Therefore, the reduction in reporting and other requirements is very unlikely to have a real impact on costs for issuers.

Finally, we are also concerned that the SEC has proposed these changes at a time when the agency lacks the political balance mandated by the Securities Exchange Act of 1934 and has not met the statutory requirement that appointments to the SEC alternate by party.[19] We urge the SEC to withdraw the proposal in its entirety.

Thank you for the opportunity to comment on this proposal. For further discussion, please contact Natalia Renta at natalia@ourfinancialsecurity.org.

Sincerely,

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[16] Jones, Renee M. Boston College Law School. "Congressional Testimony: Examining Private Market Exemptions as a Barrier to IPOs and Retail Investment." September 11, 2019; Renee M. Jones, Untamed Unicorns: Why Startup Finance is Broken and How to Fix It. Harvard University Press. August 4, 2026.

[17] Ewens, Michael, Kairong Xiao, and Ting Xu. "Regulatory Costs of Being Public: Evidence from Bunching Estimation." National Bureau of Economic Research. August 2021 at 5.

[18] Busaba, Walid Y. and Felipe Restrepo. The "7% solution" and IPO (under)pricing. 144 J. of Financial Economics 953. ("In our 1996 to 2018 sample, the 7% spread is charged in 94% of IPOs with gross proceeds between $20 million and $100 million.").

[19] 15 U.S.C. 78d(a) (providing that no more than three commissioners shall be members of the same political party and that "in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable").

Action Center on Race and the Economy
Adasina Social Capital
AFL-CIO
AFT
AJL Foundation
Alliance of Californians for Community Empowerment (ACCE)
American Association for Justice
American Family Voices
Americans for Financial Reform Education Fund
Americans for Tax Fairness
andCo Hospitality
As You Sow
Better Markets
Candide Group
CCLA Investment Management
Chevedden Corporate Governance
Chicory Wealth
Clean Yield Asset Management
Communications Workers of America (CWA)
Construyamos Otro Acuerdo (COA)
CorpGov.net
Corporate Responsibility Committee, School Sisters of Notre Dame Central Pacific Province
Figure 8 Investment Strategies
Florida for Good
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Interfaith Center on Corporate Responsibility
Just Futures
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Maryknoll Sisters
Miller/Howard Investments, Inc.
Natural Investments
Newground Social Investment
New York Communities for Change (NYCC)
Nia Impact Capital
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