July 20, 2026

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

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

VIA ELECTRONIC PORTAL

Dear Ms. Countryman:

The Committee on Capital Markets Regulation (the "**Committee**") appreciates the opportunity to comment on the proposed rule of the Securities and Exchange Commission (the "**SEC**") *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies* (the "**Proposal**").[1]

Founded in 2006, the Committee is dedicated to enhancing the competitiveness of U.S. capital markets and ensuring the stability of the U.S. financial system. Our membership includes forty-seven leaders drawn from the finance, investment, business, law, accounting, and academic communities. The Committee is chaired jointly by R. Glenn Hubbard (Emeritus Dean, Columbia Business School) and John L. Thornton (Former Chairman, The Brookings Institution) and is led by Hal S. Scott (Emeritus Nomura Professor of International Financial Systems at Harvard Law School and President of the Program on International Financial Systems). The Committee is an independent and nonpartisan 501(c)(3) research organization, financed by contributions from individuals, foundations, and corporations.

Our letter proceeds in two parts. Part I explains how the Proposal seeks to reduce compliance costs and thus encourage more companies to access public markets by expanding eligibility for the scaled disclosure and compliance requirements that are currently available to certain small and new public companies. Part II evaluates these changes. We find that the Proposal's expansion of streamlined disclosure requirements will likely advance the objective of reducing compliance burdens for many public companies. However, we also find that the Proposal raises several issues that are critical to the broader implementation of this objective for all public companies and balancing the reduction of compliance burdens with the preservation of investor protections and safeguards for market integrity. These issues are: (1) the extent to which the Proposal's objectives can be achieved by more fundamental reforms to the disclosure framework that eliminate immaterial line items and implement an overarching materiality qualifier for all public companies,

[1] Securities and Exchange Commission, *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies* 91 FR 30,086 (May 21, 2026) https://www.sec.gov/rules-regulations/2026/05/s7-2026-18 [the "Proposal"].

regardless of size, (2) the potential effects of permitting all new public companies to comply with more limited disclosure requirements for five years following an IPO, particularly in view of the increasing prevalence in U.S. markets of IPOs of unprecedented size, (3) the effects of exempting more public companies, including all new public companies, from the auditor attestation requirement, and (4) the Proposal's potential to reduce the availability to the SEC and U.S. investors of disclosures in respect of foreign companies. We recommend that the SEC give further consideration to these issues.

I. Summary of the Proposal

The current regulatory framework for companies required to file periodic reports under the Exchange Act ("**public companies**") classifies companies into five filer statuses that determine the timing and scope of the company's annual and quarterly disclosures on SEC Forms 10-K and 10-Q and standards for audits of the company's financial reporting.[2] These five filer statuses consist of a three-tier classification applicable to all public companies plus two specialized classifications that permit certain smaller and newer public companies to adhere to a set of simplified disclosure and financial reporting requirements.[3]

A public company is currently classified as a (1) large accelerated filer, (2) accelerated filer, or (3) non-accelerated filer, based on the market value of the company's publicly traded equity ("**public float**"), measured annually as of the end of the company's second fiscal quarter. In general, companies with a public float of $700 million or more are classified as large accelerated filers. Companies with a public float of $75 million to $700 million are classified as accelerated filers. Companies with a public float of less than $75 million are classified as non-accelerated filers.[4] However, a company cannot be classified as a large accelerated filer until 12 months after its initial public offering.[5] Thus, even if a company's public float exceeds $700 million in the first year following its IPO, it is classified as an accelerated filer for that year, not as a large accelerated filer. The Proposal estimates that as of 2024, large accelerated filers represented 35.4% of reporting companies and 98.8% of total public float, accelerated filers represented 12.7% of reporting companies and 0.5% of total public float, and non-accelerated filers represented 51.9% of reporting companies and 1.2% of total public float.[6]

A company's classification under this three-tier framework determines how much time the company has to file its annual report on Form 10-K and its quarterly reports on Form 10-Q. A large accelerated filer must file Form 10-K within 60 days of its year end and Form 10-Q within 40 days of each quarter end. These timeframes are increased to 75 and 40 days for accelerated filers, and 90 and 45 days for non-accelerated filers,[7] reflecting a balance between providing investors with

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[2] Proposal at 30,096.
[3] *Id*. at 30,095.
[4] *Id*. at 30,094-5.
[5] *Id*. at 30,136.
[6] *Id*. at 30,096.
[7] *Id*. at 30,093.

timely disclosures and recognizing that smaller companies generally require additional time to prepare periodic reports.

Public companies are generally required to assess and report on the effectiveness of their internal control over financial reporting under the Sarbanes-Oxley Act of 2002. Large accelerated filers and accelerated filers are in addition required to obtain an external auditor's attestation of that assessment. The requirement to obtain an external auditor's attestation with respect to internal control over financial reporting is referred to as "**ICFR attestation**."[8] Congress enacted these requirements following several high-profile instances of fraudulent financial reporting at public companies, including Enron, WorldCom, and Tyco.[9] The internal controls that companies must implement are designed to help ensure that companies accurately record transactions, safeguard assets, maintain appropriate authorization and segregation of duties, and prepare financial statements in accordance with generally accepted accounting principles. ICFR attestation is intended to further ensure the reliability of these controls by requiring an independent auditor to attest to, and report on, management's assessment of the effectiveness of the company's internal controls. Congress initially intended ICFR attestation to apply to all public companies, but the Dodd Frank Act of 2010 subsequently limited ICFR attestation to large accelerated filers and accelerated filers in an effort to mitigate the requirement's disproportionately greater compliance costs for smaller issuers.[10]

In addition to its classification under the above three-tier framework, a company may also qualify as a "smaller reporting company" or "emerging growth company." "Smaller reporting company" status is available to companies with either (i) public float of less than $250 million or (ii) public float of less than $700 million and annual revenues of less than $100 million.[11] "Emerging growth company" status is available to companies in the first five years following their initial public offering with annual revenues below $1.2 billion.[12] Qualification for either status allows the company to comply with a streamlined disclosure and compliance framework instead of the full disclosure and compliance requirements applicable to other public companies. The accommodations available under these two statuses are not identical but substantially overlap.[13] We use "**scaled requirements**" to refer collectively to the accommodations available under these regimes.

The scaled requirements include the ability to provide two instead of three years of audited financial statements using simplified presentation requirements, to provide simplified executive compensation disclosure, and to omit risk factor disclosures in quarterly reports, as well as an exemption from the requirement to hold shareholder advisory votes on executive compensation

[8] *Id*. at 30,089.
[9] *Id*. at 30,092.
[10] *Id*. at 30,093.
[11] *Id*. at 30,096.
[12] *Id*. at 30,095.
[13] *Id*. at 30,095-6.

matters.[14] Permitting smaller and newer public companies to comply with the scaled requirements is intended to reduce the compliance burdens for such companies and thereby encourage companies to enter public markets, recognizing that more complex requirements can impose disproportionately greater burdens on such companies compared to larger, more established companies.[15] As of 2024, approximately 52% of public companies qualified for the scaled requirements.[16]

The Proposal makes two major changes to the current framework.

First, the Proposal extends the availability of the scaled requirements to all public companies other than large accelerated filers and limits ICFR attestation to large accelerated filers. The Proposal would thus streamline the current five-category filer status framework into two categories: (1) large accelerated filers, which would be required to comply with the full disclosure and compliance framework and provide ICFR attestation, and (2) all other public companies, which would qualify for the scaled requirements and would not be required to provide ICFR attestation.[17]

Second, the Proposal narrows the criteria for large accelerated filer status by (i) increasing the public float threshold from $700 million to $2 billion, (ii) requiring the public float threshold to be met for two consecutive years, and (iii) extending from 12 months to 60 months the period after an initial public offering before a company can be classified as a large accelerated filer.[18]

The principal effect of these changes would be to expand the availability of the scaled requirements from approximately 52% to 81% of public companies[19] and reduce the percentage of public companies required to provide ICFR attestation from approximately 48% to 19%.[20] The Proposal indicates that the goal of these changes is to reduce the costs of being a public company and thus encourage more companies to enter and remain in public markets, while maintaining material disclosures necessary for informed investment and voting decisions.[21]

II. Analysis of the Proposal

The Committee supports the SEC's objectives of reducing compliance burdens for public companies while preserving investors' ability to obtain relevant, timely, and reliable information about the companies in which they invest. Part II evaluates the Proposal against these objectives and finds that the Proposal's simplification of the filer status framework and expansion of scaled disclosure and compliance standards, if appropriately calibrated, will likely reduce compliance burdens for many smaller and newer public companies. However, the Proposal also raises several

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[14] *Id*.
[15] *See*, *e.g.*, Securities and Exchange Commission, *Smaller Reporting Company Regulatory Relief and Simplification*, 73 FR 934, 935 (Jan. 4, 2008).
[16] Proposal at Table 2.
[17] *Id*. at 30,097.
[18] *Id*.
[19] *Id*. at Table 2; *Id*. at 30,136.
[20] *Id*. at 30,096, 30,098
[21] *Id*. at 30,096.

important issues that warrant further consideration to ensure that reductions in compliance burdens are balanced with the preservation of investors' access to decision-useful information and safeguards for market integrity. We recommend that the SEC give further consideration to these issues.

1. The Proposal's coordination with broader optimization of the disclosure framework

The Committee published a report in April 2026 in response to the SEC's request for comment on the framework for public company non-financial disclosures under Regulation S-K.[22] Our report finds that the current Regulation S-K framework requires disclosure of a substantial amount of immaterial information, which imposes significant compliance costs on companies and reduces investors' ability to make informed decisions. To address this issue, our report recommends that Regulation S-K be amended to implement an overarching materiality qualifier and eliminate immaterial and overlapping line items.[23] The SEC's request for comment on Regulation S-K, its current proposal to permit public companies to provide interim disclosures semiannually rather than quarterly,[24] and this Proposal are all part of the SEC's broader initiative to modernize the public company disclosure framework by better aligning disclosure requirements with principles of financial materiality and the size and maturity of public companies.[25] Our report on Regulation S-K emphasized that these reforms should be pursued through a coordinated and comprehensive review rather than a series of overlapping rulemakings.[26] Accordingly, the SEC should consider how this Proposal can be integrated with its broader reforms to the public company disclosure framework.

The Proposal partially advances the objective of reducing compliance burdens by extending the scaled disclosure requirements to companies that qualify as non-large accelerated filers under the Proposal's revised definition. Certain aspects of this approach are consistent with the Committee's recommendation that disclosure requirements be streamlined. For example, our report identified Regulation S-K's executive compensation disclosure as a significant source of compliance costs and recommended that it be streamlined to eliminate immaterial line items for all public companies.[27] The Proposal moves in this direction by extending simplified executive compensation disclosure requirements that omit many immaterial line items in the standard framework to a larger group of public companies.

More generally, the Proposal also reduces compliance burdens by simplifying the filer status framework. As the Proposal observes, the current framework is complex, contains overlapping

[22] CCMR, *Optimizing the U.S. Public Company Disclosure Framework: Regulation S-K* (April 2026), https://capmktsreg.org/wp-content/uploads/2026/04/CCMR-Report-on-Optimizing-Reg.-S-K-Final-04.13.26.pdf.
[23] *Id*. at 10-17.
[24] SEC, *Semiannual Reporting* 91 FR 24,968 (May 7, 2026), https://www.federalregister.gov/documents/2026/05/07/2026-09095/semiannual-reporting.
[25] SEC Chairman Paul Atkins, *Revitalizing America's Markets at 250* (Dec. 2, 2025), https://www.sec.gov/newsroom/speeches-statements/atkins-120225-revitalizing-americas-markets-250.
[26] *Id*. at 2.
[27] *Id*. at 13-14.

classifications, and requires companies to make numerous technical eligibility determinations.[28] By replacing the existing five-category framework with a substantially simpler two-tier structure, the Proposal will likely reduce compliance burdens for all public companies by making filer status easier to determine.

However, the Proposal does not eliminate many other immaterial line items under Regulation S-K or implement an overarching materiality qualifier for non-financial disclosures. Moreover, because the Proposal extends the scaled disclosure framework only to companies that qualify as non-large accelerated filers, to the extent it mitigates issues with Regulation S-K for certain smaller and newer companies, it does not do so for the largest existing public companies, which account for the majority of U.S. public market capitalization.[29] The SEC should therefore consider the extent to which the objective of reducing public company compliance burdens could be achieved by a broader modernization of Regulation S-K that eliminates immaterial line items and implements an overarching materiality qualifier for all public companies.

2. The effects of extending scaled disclosure requirements to large IPO issuers for five years

The Proposal extends from 12 to 60 months the period following an initial public offering during which a company cannot be classified as a large accelerated filer.[30] Together with the Proposal's other changes, this would permit all newly public companies, regardless of size, to qualify for the scaled disclosure framework and remain exempt from the ICFR attestation requirement for five years.

The Proposal explains that this extended on-ramp would provide newly public companies with "ample time to adjust to the disclosure and filing requirements of a public company."[31] It also notes that the proposed five-year period corresponds to the duration of emerging growth company status under the current framework and observes that permitting emerging growth companies to operate under scaled disclosure for this timeframe has operated without apparent difficulty.[32] However, emerging growth company status is available only to companies with annual revenues below approximately $1.2 billion.[33] The experience with emerging growth companies therefore does not necessarily demonstrate that a five-year on-ramp is appropriate for substantially larger newly public companies.

Moreover, the Proposal explains that its reforms are intended to reduce compliance burdens that fall disproportionately on smaller issuers. The Proposal's post-IPO on-ramp is not limited by company size and would apply equally to the largest IPOs. Five years is a substantial period during which very large new public companies would remain exempt from the more extensive disclosure

[28] Proposal at 30,096.
[29] *Id*. at 30,097.
[30] *Id*. at 30,136.
[31] *Id*. at 30,100.
[32] *Id*.
[33] *Id*. at 30,095.

and compliance requirements that apply to similarly sized companies. This issue may become increasingly significant as U.S. capital markets continue to produce IPOs with unprecedented market capitalizations. Exceptionally large AI companies may enter the public markets in the coming years.[34] Under the Proposal, these companies would remain eligible for the scaled disclosure framework and be exempt from the ICFR attestation requirement for five years, even though they may be substantially larger than existing public companies that remain subject to the full disclosure regime and ICFR attestation. For example, a newly public company with a $100 billion public float would report under the scaled framework, while an established public company with the same public float would be subject to the full disclosure and compliance framework.

Creating a prolonged period during which some of the largest public companies are subject to less comprehensive disclosure requirements than other similarly sized companies could also reduce the comparability of public company disclosures. As our comment letter on the SEC's semiannual reporting proposal explains, empirical evidence indicates that reduced disclosure comparability can increase both investors' trading costs and public companies' cost of capital.[35] The SEC should therefore consider whether the duration of the post-IPO on-ramp should vary based on company size or other objective measures, rather than applying uniformly to all new public companies.

We note that the Proposal also reasons that some new public companies will voluntarily provide more extensive disclosures if investors demand them.[36] However, as our comment letter on the SEC's semiannual reporting proposal observed, empirical evidence indicates that mandatory disclosures facilitate the ability of market participants to monitor corporate management and can provide valuable supplemental information to markets that voluntary disclosures do not necessarily provide.[37] The SEC should therefore more fully evaluate whether a uniform five-year expansion of scaled disclosure requirements for all newly public companies, including the largest IPOs, appropriately balances compliance relief with investors' interest in obtaining consistent disclosures supported by appropriate reporting safeguards.

3. <u>The effects of the curtailment of the ICFR attestation requirement</u>

As a rationale for elimination of ICFR attestation for public companies other than large accelerated filers, the Proposal cites "the limited personnel and resources small companies can devote" to the costs of compliance with ICFR attestation.[38] In particular, the Proposal cites past comments from public companies describing ICFR attestation as the costliest aspect of accelerated filer status and a GAO report saying its costs are more burdensome for smaller companies.[39] The Proposal

[34] *See,* e.g., *OpenAI Files for US IPO after Anthropic as AI Giants Head to Public Markets* Reuters (June 8, 2026), https://finance.yahoo.com/markets/stocks/articles/openai-files-us-ipo-anthropic-211708802.html.

[35] CCMR, *Letter to Securities and Exchange Commission Re: Semiannual Reporting* (July 6, 2026), https://capmktsreg.org/wp-content/uploads/2026/07/CCMR-Comment-Letter-Re.-SEC-Semiannual-Reporting-Proposal-Final-07.06.26.pdf.

[36] Proposal at 30,100.

[37] CCMR, *supra* note 35 at 6-7.

[38] Proposal at 30,091.

[39] *Id*.

acknowledges that ICFR attestation has benefits for investors, including that it "enhances the reliability of management's disclosure related to ICFR and may help a registrant identify a significant deficiency or identify and disclose a material weakness in ICFR that had not been identified or properly characterized by management."[40] Nevertheless, the Proposal concludes that the costs of compliance exceed these benefits for the companies the Proposal would exempt from the requirement.[41]

The Committee agrees that the costs of ICFR attestation may be disproportionate for some smaller issuers. However, the Proposal would extend this relief beyond small companies by exempting all newly public companies from ICFR attestation for five years, regardless of size. The Proposal does not examine whether this relief is also warranted for the largest newly public companies.[42] Establishing differing ICFR attestation requirements for large public companies may also raise the disclosure comparability and related capital markets concerns discussed above by applying differing financial reporting standards to similarly sized companies. The SEC should therefore further evaluate the rationale for extending this exemption to the largest newly public companies.

More fundamentally, ICFR attestation was adopted to provide independent assurance regarding the reliability of management's assessment of internal control over financial reporting. It serves as an independent check on management's evaluation and was enacted in response to major accounting scandals to strengthen the accuracy and reliability of public company financial reporting.[43] Those investor protection and market integrity objectives remain relevant today. Indeed, there have been several recent instances of major financial reporting and disclosure concerns leading to trading suspensions for several foreign emerging growth companies, which are not currently subject to ICFR attestation.[44]

Accordingly, the SEC should more fully evaluate the consequences of eliminating this safeguard, particularly for larger issuers. In particular, it should consider whether the reduction in compliance costs justifies the potential diminished independent assurance provided to investors and whether the historical concerns that led Congress to adopt the requirement remain sufficiently mitigated to warrant such a substantial expansion of the exemption. If the principal justification for expanding the exemption is the disproportionate burden it imposes on smaller issuers, the SEC should consider whether the exemption should instead be limited to those issuers rather than extended to all newly public companies regardless of size.

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[40] *Id*.
[41] *Id*. at 30,138.
[42] *See* CCMR, *supra* note 35.
[43] Proposal at 30,092.
[44] *See* BLOOMBERG LAW, *SEC Foreign Firm Suspension Blitz Spurs Monthslong Trading Halts* (Feb. 25, 2026), https://news.bloomberglaw.com/securities-law/sec-foreign-firm-suspension-blitz-spurs-monthslong-trading-halts

4. The potential reduction of required disclosures for foreign companies

The Proposal does not estimate how many foreign-incorporated issuers would newly qualify for the expanded scaled disclosure framework or the exemption from the ICFR attestation requirement. Most foreign companies listed in U.S. markets qualify as foreign private issuers ("**FPIs**"), which are subject to a separate disclosure regime that is not affected by the Proposal.[45] However, foreign-incorporated companies that do not qualify as FPIs report under the same framework as U.S. companies and could therefore benefit from the Proposal's expanded scaled disclosure accommodations.[46] The SEC should consider the number and characteristics of these companies and evaluate whether the expansion of the scaled disclosure framework to such companies raises distinct implications for investor protections. This issue warrants particular attention because the SEC is simultaneously reviewing the FPI framework in light of concerns that some foreign-incorporated issuers listed primarily in the United States may not be subject to sufficiently robust disclosure and regulatory oversight in their home jurisdictions.[47]

[45] Proposal at 30,110-11.
[46] *Id*. at 30,156.
[47] SECURITIES AND EXCHANGE COMMISSION, *Concept Release on Foreign Private Issuer Eligibility*, 90 FR 24,232 (Jun. 9, 2025), https://www.federalregister.gov/documents/2025/06/09/2025-10428/concept-release-on-foreign-private-issuer-eligibility.

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Thank you for your consideration of the Committee's position. Should you have any questions or concerns, please do not hesitate to contact the Committee's President, Professor Hal S. Scott (hscott@capmktsreg.org) or its Executive Director, John Gulliver (jgulliver@capmktsreg.org) at your convenience.

Respectfully submitted,

John L. Thornton	Hal S. Scott	R. Glenn Hubbard
CO-CHAIR	PRESIDENT	CO-CHAIR