COMMITTEE ON CAPITAL MARKETS REGULATION

OPTIMIZING THE U.S. PUBLIC COMPANY DISCLOSURE FRAMEWORK: REGULATION S-K

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Optimizing the U.S. Public Company Disclosure Framework: Regulation S-K

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Introduction

In January 2026 the SEC issued a request for comment on the framework for public company disclosure under Regulation S-K.[1] In considering reforms to Regulation S-K, the SEC seeks to encourage more companies to go public by reducing public companies' compliance costs while preserving investors' ability to obtain material disclosures.[2]

The Committee supports the SEC's goal of reducing disclosure burdens on public companies while preserving and enhancing investors' ability to obtain relevant, timely, and accurate information about the companies they invest in. In this Report, *Optimizing the U.S. Public Company Disclosure Framework: Regulation S-K* (the "**Report**"), the Committee on Capital Markets Regulation (the "**Committee**") responds to the SEC's request for comment by evaluating the Regulation S-K framework and presenting recommendations for reforms.

We intend to issue subsequent reports presenting additional recommendations under the public company disclosure framework including the financial statement reporting requirements under Regulation S-X.

Regulation S-K sets requirements for the disclosure by public companies of information other than the company's financial statements.[3] Regulation S-K seeks to create a standardized and consistent framework for these disclosures by requiring companies to disclose a set of specific information ("**line items**"), including information about the company's executives, employees, contracts, and operations.[4] Some of Regulation S-K's line items are subject to materiality qualifiers, allowing companies to leave out information that is immaterial.[5] However, the significant majority of line items are not subject to a materiality qualifier, meaning that the company must disclose the specified information even when all or some of the information is not material to the company or its investors.

Our Report begins by evaluating this framework. We find that Regulation S-K's standardized disclosure framework with quarterly updates for material developments is beneficial to investors because it enhances investor decision-making, increases market efficiency, and lowers the cost of capital. However, the inability to tailor Regulation S-K disclosures to focus on material information results in the disclosure of a substantial amount of immaterial information that may not be useful to investors or makes it harder for investors to identify decision-useful information. Although the standardized scope of Regulation S-K is intended to promote completeness and comparability, in practice its breadth has extended beyond that objective, resulting in disclosures that include substantial immaterial information. We present evidence that the disclosure of immaterial information under Regulation S-K imposes significant compliance costs on companies and reduces investors' ability to make informed decisions about investing in public companies.

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[1] Paul S. Atkins, Chairman, *Statement on Reforming Regulation S-K*, SECURITIES AND EXCHANGE COMMISSION (Jan. 13, 2026), https://www.sec.gov/newsroom/speeches-statements/atkins-statem ent-reforming-regulation-s-k-011326.
[2] Paul S. Atkins, Chairman, *Revitalizing America's Markets at 250*, SECURITIES AND EXCHANGE COMMISSION (Dec. 2, 2025), https://www.sec.gov/newsroom/speeches-statements/atkins-120225-revitalizing-americas-markets-250.
[3] 17 CFR § 229.10
[4] *See, e.g.*, 17 CFR §§ 229.101, 229.401, 229.402, 229.601.
[5] *See, e.g.*, 17 CFR § 229.103.

Furthermore, it is not necessary for Regulation S-K to require companies to disclose all specified line items regardless of materiality in order to mitigate the risk of material omissions, because market discipline and the SEC enforcement framework already effectively address this risk.

Our analysis concludes that the elimination of immaterial disclosures would reduce costs for public companies and increase the utility of disclosure to investors without increasing the risk of omissions of material information.

We therefore recommend that the SEC implement an overarching materiality standard that allows companies to tailor their Regulation S-K disclosure to exclude immaterial information and focus on what is material to investors. To facilitate the elimination of immaterial disclosures, the SEC should also (i) eliminate Regulation S-K line items that are duplicative or immaterial to most companies, and (ii) implement litigation safe harbors that reduce the risk that a company's elimination of immaterial information or uninformative risk factor disclosures will subject the company to abusive litigation.

We do not recommend any change to the core requirement of quarterly disclosure of material developments and believe that preserving this framework is essential to ensuring the timely delivery of useful information for investors.

The SEC should pursue needed reforms to the public company disclosure framework in a deliberate manner rather than through overlapping rulemakings. Reforms should begin with a focus on streamlining disclosure requirements that impose meaningful costs without providing material information to investors. Further changes should be considered only after these reforms are implemented, and only where supported by evidence.

The Report proceeds in three parts: Part I overviews the key requirements and structural features of Regulation S-K. Part II evaluates the costs and benefits of the Regulation S-K framework. Part III presents our recommendations for reforms. To facilitate an SEC rulemaking based on our recommendations, we discuss the economic costs and benefits of our recommendations and suggest specific implementing language.

This Report focuses on the Regulation S-K component of the public company disclosure framework. We do not address the Regulation S-X framework for financial statement disclosures or the requirement for the quarterly reporting of earnings, which the SEC is currently considering.[6] We intend to address the Regulation S-X framework in a subsequent report.

[6] *See* Corrie Driebusch, *SEC Prepares Proposal to Eliminate Quarterly Reporting Requirement*, THE WALL STREET JOURNAL (Mar. 16, 2026), https://www.wsj.com/finance/regulation/sec-prepares-proposal-to-eliminate-quarterly-reporting-requirement-1d700bbb?utm; Natalie Andrews, *Trump Calls for Ending Quarterly Earnings Reports*, THE WALL STREET JOURNAL (Sept. 15, 2025), https://www.wsj.com/finance/regulation/trump-calls-for-ending-quarterly-earnings-reports-71e3afaa.

I. Overview of the Regulation S-K Framework

The federal securities laws under the Securities Act of 1933 (the "**Securities Act**") and the Securities Exchange Act of 1934 (the "**Exchange Act**") require companies that offer securities to the public to disclose "material" information about the company to current and potential investors. The "materiality" standard encompasses all information about a company that investors would consider important in making an investment decision about the company or deciding how to vote their shares.[7] The federal securities laws authorize the SEC to promulgate rules that specify the form, content, and frequency of the disclosures that public companies must provide.[8]

Under this authority, the SEC has created a regulatory framework consisting of two principal components: Regulation S-X, which governs the form and content of the company's financial statements,[9] and Regulation S-K, which governs disclosure of information in addition to the company's financial statements.[10] Companies must provide disclosures pursuant to Regulation S-X and S-K mainly when they offer securities to the public and at regular annual and quarterly intervals.[11] This Part I reviews the principal requirements and structural features of the Regulation S-K component of this disclosure framework.

a. Standardized framework for qualitative disclosures

Given the extremely wide range of information that could potentially affect an investor's investment decisions about a company, Regulation S-K seeks to provide a roadmap that facilitates understandable and comprehensive disclosure of such information in a standardized and comparable scope and format. Regulation S-K does so by requiring companies to disclose two sets of information to their investors: line-item disclosures and risk factor disclosures.

Line-item disclosures consist of a set of specific and detailed items of information about a company's operations, strategy, legal disputes and liabilities, capital structure, contracts, properties, management, corporate governance, directors, executives, and workforce.[12] Regulation S-K's line items also encompass additional narrative and tabular financial information that supplements a company's financial statements. This includes most importantly the Management's Discussion and Analysis of Financial Condition and Results of Operations ("**MD&A**"), which requires management to explain the company's financial condition, results of operations, liquidity,

[7] *See, e.g.*, *TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438, 449 (1976); *Basic Inc. v. Levinson*, 485 U.S. 224, 231-32 (1988); *Matrixx Initiatives, Inc. v. Siracusano*, 563 U.S. 27, 38, 44 (2011); *Omnicare Inc. v. Laborers Dist. Council Constr. Indus. Pension Fund*, 575 U.S. 175, 196 (2015).
[8] 15 U.S.C. § 77g(a).
[9] 17 CFR § 210.1-01.
[10] 17 CFR § 229.10.
[11] 17 CFR. § 229.10(a); *Regulation S-K*, CORNELL LAW SCHOOL (Jan. 2022), https://www.law.cornell.edu/wex/regulation_s-k.
[12] 17 CFR §§ 229.101, 229.103, 229.303, 229.601(b)(10), 229.102, 229.401, 229.407, 229.402, 229.401(c)(2)(ii).

and capital resources, which must be provided to investors each quarter.[13] Regulation S-K's line-item requirements now encompass 300 pages.[14]

Risk factors consist of narrative disclosures that identify and describe the potential risks that could affect the company's business or the value of an investor's investment in the company.[15] Unlike line-item requirements, Regulation S-K does not specify the type, number, or content of risk factor disclosures.[16] Each company must therefore determine the extent and content of its risk factor disclosures based on its assessment of the material risks to the company's business.

The frequency with which a company must issue and update its Regulation S-K disclosures or repeat unchanged disclosures depends on the specific line item. Annual reports (Form 10-K) typically require a full presentation of all Regulation S-K disclosures. Quarterly reports (Form 10-Q) require updates to reflect material developments since the annual report. Current reports (Form 8-K) require disclosure upon specified triggering events including the company's entry into a major contract, changes in control, departure or appointment of directors or executive officers.

b. No materiality qualifier for line-item requirements

Despite the general principle that companies' disclosures should consist of material information, Regulation S-K does not subject the significant majority of its line-item requirements to a materiality standard. This means that companies must include disclosure of all such line items at the times Regulation S-K specifies without regard to whether the information is in fact material to the company's investors. The absence of such a qualifier is intended to maintain standardization and consistency by ensuring all companies disclose the same set of information, and to minimize the likelihood that a company will omit material information, even if it means disclosing immaterial information.

In 2020, the SEC amended Regulation S-K's line-items relating to the company's general description of its business and its ongoing legal proceedings.[17] These reforms directed companies to tailor their description of business to focus on material factors and increased quantitative dollar thresholds for the disclosure of legal proceedings. However, these reforms addressed only three out of the over 100 total Regulation S-K line items, and the SEC did not consider subjecting all Regulation S-K line items to an overarching materiality qualifier. Moreover, these reforms were not accompanied by changes to the securities litigation framework. As discussed below, the threat of meritless lawsuits under this framework is a major factor that causes public companies to disclose immaterial information.

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[13] 17 CFR § 229.303.

[14] SECURITIES AND EXCHANGE COMMISSION, *Standard Instructions for Filing Forms under Securities Act of 1933, Securities Exchange Act of 1934 and Energy Policy and Conservation Act of 1975 – Regulation S-K*, 17 CFR Part 229 (2025), https://www.govinfo.gov/content/pkg/CFR-2025-title17-vol3/pdf/CFR-2025-title17-vol3-part229.pdf.

[15] 17 CFR § 229.105.

[16] *Id*.

[17] SECURITIES AND EXCHANGE COMMISSION, *Modernization of Regulation S-K Items 101, 103, and 105*, 85 FR 63726 (Oct. 8, 2020), https://www.federalregister.gov/documents/2020/10/08/2020-19182/modernization-of-regulation-s-k-items-101-103-and-105.

c. Risk factors and litigation risk

Unlike line-item requirements, Regulation S-K's risk factor framework does not specify a set of information that companies must disclose regardless of materiality.[18] However, private securities fraud claims increasingly target risk factor disclosures alleging that the company's risk factors failed to adequately disclose risks.[19] As a result, risk factor disclosures have also expanded to include substantial amounts of immaterial information that is aimed not at informing investors but at establishing defenses against these lawsuits.[20] Furthermore, though Regulation S-K does not require companies to repeat unchanged risk factor disclosures every quarter, many companies nonetheless choose to do so to mitigate litigation risks,[21] resulting in repetition of disclosure that is immaterial or that has not materially changed since the company's last annual report.

The SEC's 2020 amendments to Regulation S-K also sought to reduce the prevalence of uninformative risk factors by clarifying that risk factors are only required to identify material risks and urging companies to avoid generic and boilerplate risk factors.[22] Despite these changes, the average number of risk factors per company continued to increase after 2020, reaching nearly 32 risk factors in 2023.[23]

[18] 17 C.F.R. § 229.105.

[19] *See, e.g.*, Virginia Milstead et al., *Do Hypothetical Risk Disclosures Give Rise to Securities Claims,* SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP (May 17, 2023), https://www.skadden.com/-/media/files/publications/2023/05/do_hypothetical_risk_disclosures_give_rise_to_securities_claims.pdf; Michael Kahn, *Treat Risk Disclosures as Opinions to Clean Up Fraud Challenges*, GIBSON DUNN (May 6, 2025) https://www.gibsondunn.com/wp-content/uploads/2025/05/Kahn-Treat-Risk-Disclosures-as-Opinions-to-Clean-Up-Fraud-Challenges-Bloomberg-Law-5-9-25.pdf; Henry B. Blaikie, *Litigating Corporate Risk*, 93 FORDHAM LAW REVIEW 2109, 2117-8 (2025), https://fordhamlawreview.org/wp-content/uploads/2025/04/Vol.-93_May_05_Blaikie-2109-2145.pdf.

[20] *Id.*

[21] *See* Xiaoqian Zhu et al., *Are Risk Disclosures in Financial Reports Informative? A Text Mining-Based Perspective*, 11 HUMANITIES AND SOCIAL SCIENCES COMMUNICATIONS 1653 (2024), https://doi.org/10.1057/s41599-024-04169-w.

[22] SECURITIES AND EXCHANGE COMMISSION, *supra* note 17.

[23] Dean Kingsley et al. *SEC Risk Factors Disclosure Analysis*, HARVARD LAW SCHOOL FORUM ON CORPORATE GOVERNANCE (Dec. 3, 2023), https://corpgov.law.harvard.edu/2023/12/03/sec-risk-factors-disclosure-analysis/.

II. Evaluation of the Regulation S-K Framework

An alternative to the line-item-based Regulation S-K framework would be a purely principles-based approach where companies disclose non-financial information using a format and frequency determined individually by each company.[24] However, we do not believe this alternative should be adopted. Regulated S-K promotes the provision of relevant and comprehensible disclosure by establishing a standardized framework that organizes disclosure into consistent categories, reduces uncertainty for issuers in determining what to disclose and how to present it, and enables investors to more efficiently locate, compare, and evaluate information across companies and reporting periods. The SEC staff recognized this benefit in their 2013 report to Congress, where they concluded that Regulation S-K offers the benefits of a "rules-based system affording consistency, completeness and comparability of information across registrants."[25]

Empirical literature has shown that standardized disclosure frameworks improve comparability between firms, lowers the cost of acquiring information, and increases analyst forecast accuracy, thus enhancing investor decision-making, increasing market efficiency, and lowering the cost of capital.[26] For example, Bai et al. (2022) found that textual comparability in Regulation S-K disclosures reduces information-processing costs of users and is positively associated with analyst coverage and forecast accuracy.[27]

Furthermore, multiple empirical studies demonstrate the benefits of quarterly updates to material disclosures. For example, Fu et al. (2012) examined disclosures by U.S. public companies from 1951-1973, a period that includes years when public companies were permitted to elect quarterly or biannual disclosures.[28] The analysis found that companies that provided quarterly disclosure updates experienced liquidity improvements and a lower cost of equity capital relative to those that provided updates biannually. This suggests that investors value more frequent reporting. Haga et al. (2022) found that more frequent disclosures provide timelier signals about industry conditions and help investors distinguish firm-level fundamentals from broader market or sector

[24] William H. Hinman, *Modernization of Regulation S-K*, HARVARD LAW SCHOOL FORUM ON CORPORATE GOVERNANCE (Aug. 13, 2019), https://corpgov.law.harvard.edu/2019/08/13/modernization-of-regulation-s-k/.
[25] SECURITIES AND EXCHANGE COMMISSION, *Report on Review of Disclosure Requirements in Regulation S-K* at 98 (Dec. 2013), https://www.sec.gov/news/studies/2013/reg-sk-disclosure-requirements-review.pdf.
[26] Gus De Franco et al., *The Benefits of Financial Statement Comparability*, 49(4) JOURNAL OF ACCOUNTING RESEARCH 895 (2011); *see also* John (Jianqiu) Bai et al., *Textual Comparability of Financial Reporting*, NORTHEASTERN UNIVERSITY D'AMORE-MCKIM SCHOOL OF BUSINESS RESEARCH PAPER No. 4182054 (2022), https://dx.doi.org/10.2139/ssrn.4182054 (surveying studies on the importance of financial statement comparability.)
[27] Bai et al., *supra* note 26.
[28] Renhui Fu et al., *Financial Reporting Frequency, Information Asymmetry, and the Cost of Equity*, 54 JOURNAL OF ACCOUNTING AND ECONOMICS 132 (2012).

news.[29] Studies by Diamond (1985), Diamond & Verrecchia (1991), Arif & De George (2020), Stoumbos (2023), and Bornemann et al. (2025) all make similar findings. [30]

We therefore support the retention of the basic requirement that updates to material information be provided quarterly, and do not recommend reducing the frequency of required updates for non-financial statement disclosure under Regulation S-K.

While we recommend retaining the Regulation S-K framework, as we discuss below there is substantial evidence that the SEC can reduce the cost and enhance the utility of this framework by refocusing the regime on material information. In particular, empirical evidence also documents a substantial increase in the volume and complexity of Regulation S-K disclosures over time, driven by the accumulation of line-item requirements. Dyer et al. (2017) examine the text of nearly 76,000 annual reports from 1996-2013, evaluating both the length of filings and the complexity of the information provided using a common proxy for textual complexity known as the "Fog index" which is based on average sentence length and the occurrence of complex words.[31] The study finds that the median annual report length doubled over the sample time period – from approximately 23,000 words in 1996 to 50,000 words in 2013 – while comprehensibility steadily declined annually from 2000 through 2013. The analysis controlled for other factors, including firm size, industry composition, business complexity, and litigation risk. The growing number of Regulation S-K line items has contributed significantly to the observed expansion in disclosure length, beyond underlying business fundamentals.

We are aware of no evidence that the increasing volume and complexity of Regulation S-K disclosures has supported investors' ability to make informed decisions about investments in public companies, indicating that Regulation S-K disclosures contain substantial amounts of immaterial information. By contrast, a growing body of research suggests that the increasing volume of immaterial disclosures has *reduced* the overall utility of public company disclosure to informed decision making by investors by obscuring decision-relevant content. We highlight examples of this literature here.

Loughran and McDonald (2014) analyze 66,707 Form 10-K filings from 1994 to 2011 to study the relationship between 10-K length and analyst research quality.[32] They find that increased Form 10-K filing length is associated with less accurate analyst forecasts (as reflected in larger earnings

[29] Jesper Haga et al., *Peer Firms' Reporting Frequency and Stock Price Synchronicity: European Evidence*, 49 JOURNAL OF INTERNATIONAL ACCOUNTING, AUDITING AND TAXATION 100505 (2022).

[30] Douglas W. Diamond, *Optimal Release of Information by Firms*, 40 THE JOURNAL OF FINANCE 1071 (1985); Douglas W. Diamond & Robert E. Verrecchia, *Disclosure, Liquidity, and the Cost of Capital*, 46 THE JOURNAL OF FINANCE 1325 (1991); Salman Arif & Emmanuel T. De George, *The Dark Side of Low Financial Reporting Frequency: Investors' Reliance on Alternative Sources of Earnings News and Excessive Information Spillovers*, 95(6) THE ACCOUNTING REVIEW 23 (2020); Robert Stoumbos, *The Growth of Information Asymmetry Between Earnings Announcements and Its Implications for Reporting Frequency*, 69 (3) MANAGEMENT SCIENCE 1323 (2023); Tobias Bornemann et al., *The Consequences of Abandoning the Quarterly Reporting Mandate in the Prime Market Segment*, 34(1) EUROPEAN ACCOUNTING REVIEW 89 (2025).

[31] Travis Dyer et al., *The Evolution of the 10-K Textual Disclosure: Evidence from the Latent Dirichlet Allocation*, 64 JOURNAL OF ACCOUNTING AND ECONOMICS 221 (2017).

[32] Tim Loughran & Bill McDonald, *Measuring Readability in Financial Disclosures*, 69 THE JOURNAL OF FINANCE 1643 (2014).

surprises) and greater analyst forecast dispersion, indicating a higher degree of uncertainty about the company's future earnings. Impink et al. (2022) find that an excessive volume of disclosure is associated with greater dispersion in analyst forecasts and lower accuracy.[33] Taken together, the empirical evidence suggests that the expanding volume of immaterial disclosure produced to comply with Regulation S-K could impair analyst research quality of U.S. public companies.

Bloomfield (2002) predicts that when public information is difficult to process, it will be reflected into stock prices only gradually rather than immediately.[34] You & Zhang (2009) provide empirical support for this prediction based on an examination of 24,269 Form 10-K filings from 1995-2005.[35] The study finds that increased Form 10-K complexity (as proxied by length) is associated with delayed incorporation of relevant information contained in the filing. When Form 10-K filings are grouped into low-complexity and high-complexity buckets, the study finds no statistically significant information delay associated with low-complexity filings. In contrast, investors significantly underreact to information contained in high-complexity filings: only 56% of the relevant information is incorporated immediately, with the remaining 44% reflected gradually over the subsequent 12 months. These findings indicate the increasing length of disclosures has weakened price efficiency by delaying the market's ability to process and reflect material information.

Some have argued that AI can help investors more efficiently identify relevant information within immaterial disclosures.[36] However, this does not make such disclosures inherently more valuable, nor does it address the compliance costs companies incur in producing them.

While comprehensive data on companies' costs of complying with Regulation S-K are not available due to the difficulty of disentangling these costs from broader regulatory and reporting obligations, empirical research provides evidence that such costs are economically meaningful. In particular, studies find that disclosure requirements influence firm behavior by incentivizing companies to limit growth in order to remain below regulatory thresholds that trigger more extensive Regulation S-K disclosure obligations. Ewens et al. (2024)[37] and Voelcker (2022)[38] both found evidence that public companies curtailed their growth in order to qualify for less burdensome disclosure requirements available to smaller issuers. Ewens et al. (2024) present these results as "compelling evidence" that the public company disclosure framework "impose significant compliance costs" and that these costs "seem to outweigh the regulations' potential

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[33] Joost Impink et al., *Regulation-Induced Disclosures: Evidence of Information Overload*, 58(3) ABACUS 432 (2022).

[34] Robert J. Bloomfield, *The "Incomplete Revelation Hypothesis" and Financial Reporting*, 16 (3) ACCOUNTING HORIZONS 233 (2002).

[35] Haifeng You & Xiao-Jun Zhang, *Financial Reporting Complexity and Investor Underreaction to 10-K Information*, 14 REVIEW OF ACCOUNTING STUDIES 559 (2009).

[36] Sandy Peters, *Is the SEC Regulating for a pre-AI World*, CFO DIVE (Feb. 24, 2026), https://www.cfo.com/news/is-the-sec-regulating-for-a-pre-ai-world-Paul-Atkins-Sandy-Peters-CFA-Institute/812851/.

[37] Michael Ewens et al., *Regulatory Costs of Being Public: Evidence from Bunching Estimation*, 153 Journal of Financial Economics 103775 (2024).

[38] Gabriel Voelcker, *Persistent Costs of Disclosure Exemption Regulation: Master Thesis Before Sloan School, Massachusetts Institute of Technology* (Mar. 31, 2022), https://dspace.mit.edu/bitstream/handle/1721.1/145181/Voelcker-gmv-SMMR-Management-2022-thesis.pdf?sequence=1&isAllowed=y.

benefits to firms such as lower costs of capital."[39] These findings are consistent with the SEC's own recognition that Regulation S-K requirements contribute to the ongoing "costs and burdens" of public company reporting.

[39] Ewens et al., *supra* note 37 at 2.

III. Recommendations for Reforms

Section III presents our recommendations for reforms to the Regulation S-K framework. As part of this discussion, we identify the principal economic effects of the proposed revisions to facilitate the SEC's issuance of a proposed rule implementing the recommendations.

Overall, our proposed reforms are likely to affect both investors and firms, and more broadly, the efficiency of markets, by reducing disclosure of immaterial information while preserving timely disclosure of information relevant to investment decisions. Because many of the relevant effects depend on firm-specific circumstances, investor behavior, and broader market dynamics, the costs and benefits are difficult to quantify with precision. Our discussion of economic consequences therefore evaluates these effects qualitatively, considering the principal costs and benefits of the proposed changes and their likely effects on efficiency, competition, and capital formation.

a. Recommendation 1: Implement an Overarching Materiality Standard

The SEC should amend Regulation S-K to incorporate an overarching materiality standard that allows issuers to omit any line-item disclosures when the information is not material. To implement a materiality qualifier, extensive changes to the language of Regulation S-K should not be necessary. Instead, the SEC could add language to the first section of Regulation S-K at 17 CFR § 229.10 to the effect that a registrant shall be permitted to omit any information otherwise required under Regulation S-K if the information is not material. This qualifier would then flow through to each Regulation S-K line item and SEC forms that refer to Regulation S-K.

Such an approach would recognize the practical limits of a one-size-fits-all disclosure regime. The SEC is not well positioned to determine, in advance and across all issuers and industries, which disclosures will be material. Moreover, the materiality of many line items varies significantly across companies and industries. Public companies have the most direct insight into their operations and risks and are therefore better situated to assess what information is material to their business. The disclosure framework should therefore afford public companies the flexibility necessary to exclude immaterial disclosures. An overarching materiality standard would also be consistent with the 2013 SEC staff report on Regulation S-K, which concluded that reforms to Regulation S-K should emphasize a "principles-based approach" that addresses the "tendency toward implementation of increasing layers of static requirements."[40]

An overarching materiality standard for Regulation S-K line-item disclosures would benefit investors by reducing the risk of information overload associated with excessive disclosure. As the SEC previously recognized, repetitive and overly lengthy disclosures can make filings harder to read and more costly to process, particularly when investors must sift through unnecessary content to identify information relevant to investment decisions. Elimination of disclosure that is not material can therefore "reduce compliance burdens and potentially benefit investors, to the extent it improves the readability and conciseness of the information provided and allows investors to

[40] SECURITIES AND EXCHANGE COMMISSION, *supra* note 25 at 98.

focus on information that is material to an understanding of the registrant's business."[41] The economic literature shows that information overload can impair analyst research and reduce price efficiency, with retail investors particularly likely to be affected.[42] A materiality-based framework would improve the readability and conciseness of filings, sharpen the focus on decision-useful information, and reduce these information-overload harms.

In addition to the reduction in disclosure volume, the quality of disclosures would also improve under a materiality standard. Because materiality is inherently firm-specific, disclosures would become better tailored to the firm's business, risk profile, and operating circumstances. The SEC has noted that more tailored disclosure is more likely to reflect how management and the board monitor and assess the business, which in turn should help investors form a more accurate view of the firm's results of operations, financial condition, prospects and key risks.[43] To the extent the proposed revisions replace immaterial line-item responses with shorter, clearer and more company-specific disclosure, filings would become not only less cluttered, but also more informative about the firm's actual financial outlook.

These benefits may be especially significant for retail investors, who generally have less time and fewer resources to process lengthy filings or obtain information from alternative sources. Reducing immaterial line-item disclosures should improve the signal-to-noise ratio of public filings, helping retail investors find and evaluate relevant information more efficiently.

The principal potential cost to investors is the loss of some information previously disclosed under more prescriptive line-item requirements. That concern, however, is mitigated by several considerations. Most importantly, firms would remain obligated to disclose information that is material to investors and relevant to investment decisions. Any reduction in disclosure would, by design, be limited to non-material information and therefore should not represent a meaningful loss to investors. Furthermore, requiring disclosure of all line items regardless of materiality is not necessary to guard against the omission of material information, because market forces already provide a strong check on under-disclosure. Leuz & Verrecchia (2000) find that firms with less informative disclosure exhibit wider bid–ask spreads and lower trading volume, consistent with greater information asymmetry and higher investor-required returns.[44] Similarly, Brown & Hillegeist (2007)[45] as well as Easley et al. (2002)[46] show that firms with higher information asymmetry face higher costs of equity capital. In addition, existing SEC enforcement mechanisms and private rights of action under the securities laws provide a complementary safeguard against material omissions. The federal securities laws impose liability for materially misleading

[41] SECURITIES AND EXCHANGE COMMISSION, *supra* note 17. *See also* SECURITIES AND EXCHANGE COMMISSION, *FAST Act Modernization and Simplification of Regulation S-K*, Release No. 33-10618 (2019), https://www.sec.gov/files/rules/final/2019/33-10618.pdf.

[42] *See, e.g.*, Alastair Lawrence, *Individual Investors and Financial Disclosure*, 56(1) JOURNAL OF ACCOUNTING AND ECONOMICS 130 (2013).

[43] *See e.g.,* SECURITIES AND EXCHANGE COMMISSION, *supra* note 17.

[44] Christian Leuz & Robert Verrecchia, *The Economic Consequences of Increased Disclosure* (2000), 38 JOURNAL OF ACCOUNTING RESEARCH 91 (2000).

[45] Stephen Brown & Stephen Hillegeist, *How Disclosure Quality Affects the Level of Information Asymmetry*, 12(2) Review of Accounting Studies 443 (2007).

[46] David Easley et al., *Is Information Risk a Determinant of Asset Returns*, 57 THE JOURNAL OF FINANCE 2185 (2002).

statements or omissions under provisions such as Sections 11 and 12 of the Securities Act and Rule 10b-5 under the Exchange Act.[47] These frameworks create meaningful legal and reputational consequences for failing to disclose material information, reinforcing issuers' incentives to make accurate determinations of materiality.

Firms would also benefit from lower compliance costs under a materiality-based framework for Regulation S-K line-item disclosures. Issuers would be able to devote less time and fewer resources to drafting, updating, and reviewing disclosures that are not material to the firm's results of operations, financial condition, or prospects. Cost savings could also arise from a reduced need for outside counsel and other advisors to review language included primarily to satisfy prescriptive line-item requirements rather than convey decision-useful information to investors. In addition, disclosure committees and senior management would be able to focus more on material matters, improving the efficiency of the disclosure process.

More broadly, these revisions would reduce the fixed and recurring costs of periodic reporting and thereby lessen the compliance burden associated with a mandatory disclosure regime. To the extent that issuers must update only material information, rather than all line items regardless of economic significance, periodic reporting would become less resource-intensive while preserving the information most relevant to investors.

With respect to costs, firms may incur additional compliance and litigation risk as a result of exercising judgment on whether a particular line item is material, especially because those determinations may later be subject to SEC scrutiny or private litigation. Those risks, however, are mitigated by several features of the proposal. Firms would retain the ability to disclose voluntarily in close cases. If management concludes that the litigation or enforcement risk associated with a non-disclosure decision is significant, the firm could choose to provide the information rather than omit it. Furthermore, companies already make materiality determinations in preparing their disclosures, and an explicit standard would not fundamentally change that process.

The SEC should also consider issuing regulatory guidance clarifying that "materiality" under Regulation S-K is an economic standard, limited to matters that may impact the economic value of the company. This guidance would clarify that company are not required to consider impacts on issues that may be socially or politically important, but that are not tied to the company's financial value. This is consistent with the long-standing principle that materiality is an objective standard based on financial outcomes, while also recognizing that materiality is fact-specific and avoiding a bright-line threshold, which the Supreme Court has rejected.[48] Such guidance could benefit both firms and investors by making the proposed overarching materiality standard more predictable and easier to administer.

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[47] 15 U.S.C. § 77k., 15 U.S.C. § 77l, 17 CFR. § 240.10b-5.

[48] *Amgen Inc. v. Connecticut Ret. Plans & Tr. Funds*, 568 U.S. 455, 459 (2013) ("[M]ateriality is judged according to an objective standard."); *Kohler v. Kohler Co.*, 319 F.2d 634, 642 (7th Cir. 1963) ("[C]orporate insiders must scrupulously disclose to outsiders those material facts about a corporation's business which in reasonable and objective contemplation might affect the value of the corporation's stock or securities."); *Basic Inc. v. Levinson*, 485 U.S. 224, 236 (1988). *See also* Letter from Richard C. Breeden, Harvey L. Pitt, Philip R. Lochner, Jr., Richard Y. Roberts, and Paul S. Atkins to U.S. Sec'y & Exch. Comm'n 1-2 (June 17, 2022).

b. Recommendation 2: Eliminate Immaterial Line Items

Even with the introduction of a materiality standard that allows companies to omit line items that are immaterial to the company, the SEC should also eliminate line items that are duplicative or unlikely to be material to most companies, for two main reasons.

First, companies seeking to minimize potential liability for disclosure omissions may be more likely to include immaterial information when a line item calls for it. Second, the existence of a line item obliges companies to design and implement a process for formally analyzing the materiality of the line-item information, which necessarily increases compliance costs. In particular, public companies are required to establish "disclosure controls and procedures" to ensure that information that may need to be disclosed is collected and communicated to management to allow them to decide if disclosure is required.[49] Companies will therefore still need to expend the resources to gather information and conduct an analysis covering each specified line item, even if the company concludes the information is not material.[50]

Below we identify specific examples of Regulation S-K line items that the SEC should narrow or eliminate. This list is intended to be non-exhaustive. It is important to note that eliminating or narrowing a line item from Regulation S-K would not permit companies to omit material information. Rule 12b-20 provides that if information is material the company is still required to disclose it regardless of whether there is a specific line item in Regulation S-K.[51]

i. Executive compensation

Item 402 of Regulation S-K requires companies to disclose detailed information on the compensation of the company's executives.[52] Current line items require disclosure of substantial amounts of highly complex information that is costly for companies to prepare. Emerging growth companies (public companies with less than $1.2 billion in annual revenue) are not subject to these line-item requirements[53] and there is no evidence that their absence has harmed investors or raised the cost of capital for these companies.

In particular, the SEC should eliminate line items requiring disclosure of immaterial amendments to compensation agreements that create compliance traps without benefiting investors. The SEC should also simplify and consolidate overlapping compensation tables, replacing rigid formats with a smaller set of clearer tables that focus on total direct compensation as granted and one focused on the compensation actually earned. Line items should exclude compensation resulting purely from market fluctuations (e.g., investment returns) and compensation categories limited by

[49] 17 CFR § 240.13a-15; 17 CFR § 240.15d-15.
[50] *See, e.g.*, Commissioner Mark T. Uyeda, *Remarks at the 53rd Annual Securities Regulation Institute*, SECURITIES AND EXCHANGE COMMISSION (Jan. 26, 2026), https://www.sec.gov/newsroom/speeches-statements/uyeda-remarks-securities-regulation-institute-012626; Commissioner Mark T. Uyeda, *Remarks at the 2025 Institute for Corporate Counsel*, SECURITIES AND EXCHANGE COMMISSION (Dec. 3, 2025), https://www.sec.gov/newsroom/speeches-statements/uyeda-remarks-institute-corporate-counsel-120325.
[51] 17 C.F.R. § 240.12b-20.
[52] 17 CFR § 229.402.
[53] 17 CFR § 229.402(l).

law (e.g. 401(k) contributions; pension benefits). In addition, consistent with the overarching focus on disclosing material information, the SEC should eliminate the Item 402(w) requirement to disclose "clawback" compensation due to immaterial restatements.[54] Furthermore, the SEC should increase the perquisite disclosure threshold from $10,000[55] – which it has not updated since 2006 – and exclude security- and cybersecurity-related expenses.

These changes could help reduce preparation, calculation, and review costs.

ii. Legal proceedings

Item 103 governs disclosure of legal proceedings, requiring a description of "any material pending legal proceedings, other than ordinary routine litigation incidental to the business" excluding claims for damages where the amount involved is less than 10 percent of the company's consolidated current assets.[56] Item 103(c)(3) creates heightened disclosure requirements for proceedings arising under environmental laws and regulations, including setting a low threshold over which all proceedings involving a governmental authority and potential monetary sanctions must be disclosed.[57] In some cases, this could result in companies disclosing proceedings where the amount involved is less than one percent of consolidated current assets, likely resulting in disclosure of items that are not material.[58] Item 103(c)(3) should therefore be eliminated, so that proceedings involving environmental laws and regulations will be subject to the same materiality standard as other areas of law.

iii. Cybersecurity

Item 106 relates to disclosure of cybersecurity-related information and requires a detailed narrative description of a company's process for identifying and managing cybersecurity threats as well as the board of directors and managements' roles in overseeing and managing threats.[59] This is an area where prescriptive disclosure requirements may do more to influence a company's behavior than elicit material information.[60] These requirements expand disclosure volume, increase compliance costs, and heighten litigation risk without delivering commensurate investor value, and should be modified in favor of a principles-based, materiality-focused disclosure regime. We also suggest rescinding Item 1.05 and the corresponding Form 8-K requirements, including the requirement to disclose material incidents within four business days.[61] Early disclosure may divert

[54] 17 CFR § 229.402(w).
[55] SECURITIES AND EXCHANGE COMMISSION, *Executive Compensation and Related Person Disclosure*, Release No. 33-8732A (2006), https://www.sec.gov/files/rules/final/2006/33-8732a.pdf.
[56] 17 CFR § 229.103.
[57] 17 CFR § 229.103(c)(3).
[58] *See, e.g.*, GIBSON DUNN, *A Double-Edged Sword? Examining the Principle-Based Framework of the SEC's Recent Amendments to Regulation S-K Disclosure Requirements* at 4 (Aug. 31, 2020), https://www.gibsondunn.com/wp-content/uploads/2020/08/a-double-edged-sword-examining-the-principles-based-framework-of-the-secs-recent-amendments-to-disclosure-requirements.pdf.
[59] 17 CFR § 229.106.
[60] Commissioner Mark T. Uyeda, *Remarks at the 53rd Annual Securities Regulation Institute*, SECURITIES AND EXCHANGE COMMISSION (Jan. 26, 2026), https://www.sec.gov/newsroom/speeches-statements/uyeda-remarks-securities-regulation-institute-012626.
[61] SECURITIES AND EXCHANGE COMMISSION, *Form 8-K: OMB Number 7100-0091*, https://www.sec.gov/files/form8-k.pdf (last accessed Apr. 13, 2026).

management attention from responding to an ongoing intrusion and could alert bad actors to potential vulnerabilities, potentially exacerbating the incident.[62] The current national security and public safety exception to this requirement allows a company that is experiencing a material cybersecurity event that has public safety or national security ramifications to request a short delay of the required disclosure.[63] However, this provides almost no relief for companies managing cybersecurity incidents and is insufficient to ensure that the disclosure requirement does not prejudice public safety or national security.

iv. Equity ownership

Item 403 imposes duplicative equity ownership disclosure requirements that should be eliminated in view of the existing Exchange Act reporting frameworks. In particular, Item 403(a) requires disclosure of beneficial owners of more than five percent of any class of voting securities, notwithstanding that such holders are already subject to comprehensive, timely, and publicly available disclosure under Section 13 of the Exchange Act.[64] Requiring registrants to re-aggregate and restate this information adds cost and complexity without providing meaningful value to investors.

Similarly, Item 403(b) requires disclosure of the equity ownership of certain individuals who served as executives during the preceding fiscal year, regardless of whether they are still serving.[65] Gathering and disclosing this information is burdensome for the company and can result in disclosure of immaterial holdings by persons no longer associated with the company. More relevant and timely ownership information is already available through the Section 13 reporting regime, which requires directors, officers, and ten percent holders to disclose their holdings and changes in ownership on an ongoing basis.[66] Any former executive with significant holdings must also be disclosed under the Section 13 framework.[67] The SEC should therefore eliminate Item 403's duplicative ownership tables or, at a minimum, limit remaining line-item disclosures to current executives.

v. Related party transactions and unregistered offerings

Item 404 governs disclosure of company transactions with related persons. Item 404(a) requires all transactions over $120,000 in which a related person has a material interest to be disclosed.[68] The SEC should consider increasing this dollar threshold and adjusting it for inflation going forward, as it has not been adjusted since its adoption and has resulted in over-disclosure. In addition, the SEC should consider applying the threshold to the amount of the related person's interest rather than to the amount involved in the overall transaction. In regard to the requirement under Item 404(b) to provide a narrative description of the company's policies covering

[62] *See* NASDAQ, *Advancing the U.S. Public Markets: Unlocking Capital Formation for a Stronger American Economy* (Sept. 2025), https://nd.nasdaq.com/rs/303-QKM-463/images/Nasdaq_Advocacy_Report_September2025.pdf.
[63] SECURITIES AND EXCHANGE COMMISSION, *supra* note 61 at 11.
[64] 17 CFR § 229.403(a).
[65] 17 CFR § 229.403(b); 17 CFR § 229.402(a)(3).
[66] 15 U.S.C. § 78p(a)(1).
[67] § 229.403(a).
[68] 17 CFR § 229.404(a).

transactions with related persons, companies should be permitted to summarize the policy on the website instead, if they choose.[69] This would cut down on duplicative disclosure that must be updated each time the company policies are updated.

Item 701 requires disclosure of all unregistered securities sold by a company over the past three years.[70] Historical, small, or routine unregistered transactions may be immaterial to an understanding of the company's capitalization and value and therefore the prescriptive three-year requirement should be eliminated in favor of a principles-based requirement to disclose material unregistered transactions.[71]

vi. Items unrelated to financial materiality that should be eliminated or modified

The SEC should also conduct a general review of Regulation S-K line-items to identify and eliminate those that are duplicative or not directly tied to financial materiality or investor decision-making. In particular, the SEC should consider substantially narrowing or eliminating duplicative and non-financially material line items in Item 101 (e.g., human capital), Item 303 (e.g., eliminating information that appears elsewhere in the document), Item 407, Part III Item 10, Item 408, and 601 and eliminating entirely Item 102 (Property), Item 201 (Market Price/Dividends/Equity Matters) and Item 703 (Share Repurchases).[72]

We also note that SEC Form 10-K's cover page currently requires issuers to check a box to disclose whether financial statements correct an error and whether the correction results in a clawback recovery analysis.[73] These checkboxes may discourage corrections when companies make immaterial adjustments to prior-period financial statements. Highlighting immaterial corrections through a prominent cover page disclosure offers minimal benefit to investors while adding avoidable compliance burdens and requiring fine-grained judgment calls. These requirements may also inadvertently chill voluntary, good-faith efforts to improve previously issued financial statements. The SEC should eliminate the cover page checkboxes, limit their application to material corrections, or streamline them into a single checkbox tied only to circumstances that give rise to a recovery analysis.

Furthermore, some line-item requirements reflect policy objectives that extend beyond the core goals of the disclosure regime. For example, conflict minerals disclosure requirements mandate that companies conduct due diligence and report on the origin of certain minerals in their supply chains, regardless of whether this information is material to the company's financial condition or operating performance.[74] These requirements are designed in significant part to advance broader

[69] 17 CFR § 229.404(b).
[70] 17 CFR § 229.701.
[71] *See, e.g.*, Commissioner Mark T. Uyeda, *Remarks at the 53rd Annual Securities Regulation Institute*, SECURITIES AND EXCHANGE COMMISSION (Jan. 26, 2026), https://www.sec.gov/newsroom/speeches-statements/uyeda-remarks-securities-regulation-institute-012626.
[72] 17 C.F.R. §§ 229.101(c)(2)(ii), 229.303, 229.407, 229.408, 229.601, 229.102, 229.201, 229.703.
[73] SECURITIES AND EXCHANGE COMMISSION, *Form 10-K: OMB Number 7100-0091* at 10, https://www.sec.gov/files/form10-k.pdf (last accessed Apr. 13, 2026).
[74] 17 C.F.R. § 240.13p-1.

policy objectives rather than to inform investor decision-making in most cases. As a result, they can impose meaningful compliance burdens while yielding information that is unlikely to be material for the majority of issuers. Where such requirements are mandated by statute,[75] the SEC should consider mitigating approaches, such as requiring disclosure in a separate form rather than within Forms 10-K or 10-Q.

c. Recommendation 3: Implement Litigation Safe Harbors

As described in Part I, companies face potential liability under the federal securities laws' prohibitions on material misstatements or omissions from private lawsuits if their risk factor disclosures omit material risks. Companies therefore often provide overinclusive risk factor disclosures that cover immaterial and generic risks to create defenses to these lawsuits, which can impose substantial costs on companies even when they are meritless. In recent years, securities class action settlements alone have totaled roughly $3 billion annually.[76] To reduce the volume of defensive risk factors and refocus risk factor disclosure on material risks, the SEC should issue a rule providing a safe harbor from liability under the federal securities laws that provides: "The failure to disclose a risk that has not had, and is not expected to have, a materially disproportionate effect on the company relative to other similarly situated companies shall not be treated as the omission of a material fact under any provision of the Securities Act or Exchange Act or the rules of the SEC thereunder notwithstanding that such effect ultimately materializes, unless it is shown that such expectation had no reasonable basis."[77] For example, under such a safe harbor a company would not need to disclose the risk factors relating to broad macroeconomic or geopolitical conditions that are not unique to the company's particular circumstances. This would reduce the quantity of generic or boilerplate risk factors.

To support the effectiveness of this safe harbor, third-party organizations or industry groups could develop standardized sets of general risk factors (e.g., macroeconomic, natural disaster, cybersecurity, and regulatory risks) that apply broadly to most companies, as well as industry-specific risk frameworks that companies could incorporate by reference into their disclosures. For example: *Our operations are subject to the risk of natural disasters, which could adversely affect our financial condition and results of operations*. Under this approach, companies would only need to provide additional risk-factor disclosures to the extent that a risk is unique or particularly acute in their specific circumstances. For example, a company dependent on a single manufacturing facility in a known high-risk flood zone would need to supplement the standard natural disaster risk factor to identify this heightened risk. This approach would reduce the prevalence of generic, duplicative disclosures, while the safe harbor would further protect companies from liability for new generic risks before they are reflected in the standardized list.

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[75] *See, e.g.*, 15 U.S.C. § 78m(p).

[76] *See, e.g.*, CORNERSTONE RESEARCH, *Record High Median Securities Class Action Settlement Amount Amid Slower Settlement Activity in 2025* (Feb. 19, 2026), https://www.cornerstone.com/insights/press-releases/median-securities-settlement-amount-record-high/.

[77] Paul S. Atkins, Chairman, *Remarks at the Texas A&M School of Law Corporate Law Symposium*, SECURITIES AND EXCHANGE COMMISSION (Feb. 17, 2026), https://www.sec.gov/newsroom/speeches-statements/atkins-02-17-2026-remarks-texas-am-school-law-corporate-law-symposium.

In addition, the SEC should consider whether a safe harbor that protects issuers from challenges to materiality based on changes of circumstance would facilitate the effectiveness of the overarching materiality standard discussed in Recommendation 1. Such a safe harbor could provide: "The failure to disclose information that has not been, and is not expected to be, material shall not be treated as the omission of a material fact under any provision of the Securities Act or Exchange Act or the rules of the SEC thereunder notwithstanding that such information becomes material after the original disclosure, unless it is shown that such expectation had no reasonable basis."

Conclusion

Regulation S-K's standardized disclosure framework promotes consistent, comparable, and decision-useful information for investors, and we do not recommend abandoning this framework or altering the core requirement that companies provide quarterly updates of material developments. However, the current regime's emphasis on prescriptive line-item requirements without a materiality qualifier has resulted in the accumulation of substantial immaterial disclosure that imposes unnecessary compliance costs on companies and diminishes the usefulness of disclosure to investors. We therefore recommend that the SEC amend Regulation S-K by introducing an overarching materiality standard, eliminating immaterial or duplicative line items, and creating safe harbors to encourage the elimination of immaterial information or uninformative risk factor disclosures. These reforms would preserve the benefits of Regulation S-K's standardized framework while increasing the utility of public company disclosures to investors.

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