The Honourable Paul Atkins, Chairman
Vanessa A. Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

20 July 2026

Dear Chairman Atkins and Secretary Countryman,

**Subject: Registered Offering Reform, File Number S7-2026-17, and Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies, File Number S7-2026-18**

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the Commission's proposals for registered offering reform and to enhance accommodations for emerging growth companies and simplify the filer status for reporting companies.

Led by investors responsible for assets under management of >US$100 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN's *Global Governance Principles* and *Global Stewardship Principles*, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

We welcome the Commission's objective of encouraging more companies to access and remain in the U.S. public markets. Strong public markets benefit companies seeking capital, investors allocating long-term savings, and the wider economy. We also recognise that regulation should evolve as markets develop and that unnecessary complexity and duplication should be reduced wherever possible.

We are therefore supportive of sensible modernisation that streamlines regulation without reducing the quality of information available to investors. We have consistently supported reforms that improve efficiency, eliminate unnecessary compliance costs, and make disclosures more useful. As we noted in our recent responses to the Commission's Strategic Plan, optional semiannual reporting proposal, and the request for ideas on Regulation S-K, prudent rulemaking could strengthen the US capital markets, but only if it preserves strong investor protections and robust disclosure standards based in materiality, provides clear regulatory oversight, and upholds the meaningful shareholder rights on which those markets depend.

Investor protection and capital formation should not be viewed as competing objectives. They are mutually reinforcing. Investors provide capital because they have confidence that public companies are subject to robust disclosure requirements, independent oversight, and meaningful accountability mechanisms. Reliable corporate reporting enables investors to assess risk, allocate capital efficiently, and exercise informed stewardship. Investor confidence is one of the principal competitive strengths of the U.S. capital markets.

Reducing disclosure obligations may lower compliance costs for some issuers in the short term, but it will increase uncertainty for investors. Where investors have less information about a company's financial performance, governance practices, executive compensation incentives, or internal controls, they are likely to demand a higher return to compensate for that additional uncertainty. The result can be a higher cost of capital, lower market liquidity, and weaker confidence in public markets. With these changes, reducing investor protections does not eliminate costs; it transfers them from issuers to investors, and ultimately to the beneficiaries whose capital they manage.

We therefore believe that the SEC's regulatory simplification should focus on removing duplication, outdated requirements, and unnecessary administrative burdens, rather than eliminating disclosures and governance mechanisms that investors actively use.

The Commission's proposals have contained several elements that seek to improve the efficiency of the regulatory framework. However, we are concerned that most of the proposed accommodations for companies go beyond reporting simplification and instead weaken important investor protections that underpin confidence in the U.S. public markets.

We would like to highlight the below key issues for investors in the proposal:

1. **We strongly oppose the changes which result in the removal of the auditor attestation requirement under Section 404(b) of the Sarbanes Oxley Act (SOX) for companies other than large accelerated filers.**

   We believe this is the most significant investor protection provision impacted by this proposal.

   By removing the accelerated filer status and raising the threshold for large accelerated filers, the Commission is taking a very large number of listed companies out of the scope of Section 404(b).

   Independent auditor attestation of internal controls under Section 404(b) of the SOX has been one of the most effective governance policy provisions in the history of the capital markets. It strengthens the reliability of financial reporting, identifies control weaknesses, and supports investor confidence. The Commission's own analysis recognises the significance of these benefits for investors and companies. We believe this investor protection provides significant value to market confidence and trust.

   We therefore urge the Commission to retain the auditor attestation requirement for all reporting companies that are currently subject to Section 404(b). Their investors should not lose this important protection simply because of any filer status threshold changes.

2. **The filer status reforms go too far.**

   Raising the Large Accelerated Filer threshold from US$700 million to US$2 billion would place most public companies into a much more fragmented disclosure regime and significantly reduce the information that must be made available to investors. This change goes against the SEC's mission to protect investors and could limit the disclosure of material information.

3. **Executive compensation transparency should not be weakened and shareholder voting rights in this area should be preserved.**

   Eliminating requirements for say-on-pay votes, pay-versus-performance disclosure and the Compensation Discussion and Analysis (CD&A) would reduce transparency and weaken investors' abilities to assess whether executive pay supports long-term value creation.

We believe the SEC should avoid this risk by retaining the executive compensation disclosure requirement, say on pay, say on pay frequency, and the CD&A for companies currently required to comply.

4. **The SEC's simplification efforts should remove unnecessary complexity, not useful information.**

   We support reducing duplication and boilerplate provisions where appropriate. However, reforms should improve the quality of disclosures, not remove material information that investors rely upon.

5. **Relief for smaller companies should remain proportionate.**

   Targeted accommodations for the smallest companies may be appropriate, provided they do not come at the expense of core investor protections, including reliable financial reporting and effective internal controls. Smaller companies will need to provide financial reporting information to investors as they seek to acquire capital and grow. The SEC's proposal could have a chilling effect on smaller companies' abilities to raise capital from investors or enter the public markets.

   Taken together, we believe that these proposals shift the balance too far away from investor protection, the core mission of the SEC. The Commission can promote capital formation while maintaining the disclosure, accountability and independent assurances that have made the U.S. public markets a global benchmark for investor confidence.

The detailed comments that follow explain our concerns with various elements of this proposal and provide recommendations on how the proposals could better achieve these objectives.

**Registered offering reform, S7-2026-17**

We understand and appreciate the SEC's goal to attract more companies to list on the US capital markets. We are supportive of this goal but are concerned that many of the proposed changes diminish investor protections and shareholder rights by giving certain flexibilities to companies at the expense of investors.

We do not support the proposal to pre-empt state securities law for registered unlisted securities. Investors benefit from complementary federal and state oversight, which helps detect and deter fraudulent or unlawful offerings. Where securities may be offered across multiple states, investors should continue to benefit from the protections available under both state and federal securities laws.[i]

**The Enhancements of Emerging Growth Company Accommodations and Accelerated Filer Status, S7-2026-18**

The Commission rightly notes that the U.S. securities laws have long sought to balance robust investor protection with the costs of raising capital. Historically, Congress and the SEC have achieved that balance by providing smaller and emerging companies with targeted and, in many cases, temporary accommodations. Investors have generally

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[i] See NASAA, www.nasaa.org.

supported these measures because they helped companies ease the transition into the public markets while preserving the material information needed for informed investment and voting decisions.

These proposals represent a significant departure from that approach. Rather than providing proportionate or transitional relief, they would permanently reduce disclosure requirements for the overwhelming majority of public companies. Based on the Commission's own analysis, approximately 93% of reporting companies would benefit from reduced reporting obligations. In our view, this shifts the balance too far away from investor protection.[iiiii]

The Commission acknowledged that the proposal would result “in the loss of some information, loss of auditor attestation of internal controls of financial reporting (ICFR) and longer reporting deadlines for certain registrants”.[iv] While intended to encourage more companies to go and remain public, we believe these changes risk having the opposite effect. Investors depend on timely, reliable, and comparable information. Weakening disclosure requirements increases uncertainty, which can reduce investor confidence and ultimately increase the cost of capital.

We support efforts to simplify the regulatory framework where this removes unnecessary complexity. However, simplification should not come at the expense of the core disclosures and governance protections that investors rely upon.

**Filer Status**

Investors are not necessarily concerned with the number of filer categories. They are concerned with the quality and consistency of disclosures. However, the impacts of the changes proposed create significant concerns for investors.

The proposal would increase the threshold for Large Accelerated Filers from US$700 million to US$2 billion in public float, remove the accelerated filer status, and move the majority of public companies into the Non-Accelerated Filer category.

According to the Commission's own analysis, the proportion of Large Accelerated Filers would fall from 35.4% of reporting companies to just 19.2%, meaning that almost four out of five public companies would become eligible for significantly reduced disclosure requirements.

We are particularly concerned because these changes would remove disclosures and governance mechanisms that are fundamental to informed investment and voting decisions, including:

- Requirement to obtain an auditor’s attestation of their internal control over financial reporting;
- Say-on-pay and say-on-frequency advisory shareholder votes;
- Pay-versus-performance disclosure; and
- the Compensation Discussion and Analysis (the CD&A) for executive compensation analysis.

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[ii] U.S. Securities and Exchange Commission, Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies (Release Nos. 33-11419; 34-105515; File No. S7-2026-18), 19 May 2026.

[iv] Ibid.

In addition, the risk for investors compounds due to the proposed 60-month seasoning period for newly listed companies. We do not support the proposed 60-month seasoning period before Large Accelerated Filer status can apply and instead recommend retaining the current 12-month period. This is particularly important in the cases of large IPOs, where investors would expect the newly listed company to have appropriate controls, governance, and disclosures.

In our April response to the Commission's request for ideas for the review of Regulation S-K, we recognised that some targeted relief could help smaller companies transition into the public markets. We did not, however, support removing these core investor protections. We therefore encourage the Commission to retain these requirements for all reporting companies, regardless of filer status.

**Section 404(b) of the Sarbanes-Oxley Act**

The proposal to remove the auditor attestation requirement under Section 404(b) of the Sarbanes-Oxley Act (SOX) is a major concern for investors.

Section 404 of the Sarbanes-Oxley Act (SOX) established a two-part framework for internal controls over financial reporting. Section 404(a) required the SEC to promulgate rules for Exchange Act reporting companies to require that companies include in their annual reports an internal control report that states the responsibility of management for establishing and maintaining Internal Controls over Financial Reporting (ICFR) and that contains an assessment of the effectiveness of the registrant's ICFR as of the end of each fiscal year. Section 404(b) required that each registered public accounting firm that prepares or issues the registrant's financial statement audit report attest to, and report on, management's assessment of the effectiveness of the ICFR.[v] Together, these requirements have become a cornerstone of confidence in U.S. corporate reporting.

Section 404(b) reflects a clear legislative intent that certain reporting companies provide independent auditor attestation of internal controls over financial reporting. The changes to filer status in this proposal do not appear in line with the intent of Congress and raise questions about the interaction of these proposals with the legislative process.

Congress has previously recognised that smaller and emerging companies may require proportionate relief. The Dodd-Frank Act and the JOBS Act introduced targeted exemptions from the auditor attestation requirement, allowing companies additional time to develop robust control systems while continuing to provide investors with the information they need.

Over time, the Commission has modified the provisions and excluded more filers from the auditor attestation requirement. In this proposal, the Commission is dispensing with this requirement for all but the largest filers, to almost all companies below a US$2 billion public float threshold.

The Commission acknowledges that auditor attestation provides significant benefits to investors. It improves the reliability of management's assessment of internal controls, helps identify and disclose material weaknesses at an earlier stage, and reduces the likelihood of financial restatements. We agree. These are precisely the reasons why the requirement should be retained.

[v] See page 22 of the SEC's proposals. Proposed rule: Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies.

The Commission's own analysis also demonstrates the value of independent auditor attestation. Companies subject to Section 404(b) report significantly fewer material weaknesses in internal controls than companies that are exempt. Where weaknesses do occur, they are resolved more quickly. The Commission also notes that emerging growth companies without auditor attestation restate their financial statements more frequently and cites research linking auditor attestation to a lower cost of capital.

- Among companies that already provide the attestation, approximately 5% of LAFs and 16% of AFs reported a weakness in their controls in a given year.
- Among NAFs, which do not provide the attestation, the figure is almost 42%.
- Audit weaknesses also tended to last longer without the attestation: nearly seven in ten NAFs that were flagged for ineffective controls in 2024 had them flagged for four years thereafter, against one in nine LAFs.[vi]
- The Commission noted that emerging growth companies, without the attestation, restated their accounts more often.
- The proposal cites research linking the auditor's role to a lower cost of capital, with one estimate by about 151 basis points.
- The Commission's own 2011 staff study recommended keeping the attestation and adding no new exemptions.

These findings reinforce a simple point: independent assurance strengthens confidence in financial reporting. Removing that assurance is likely to increase uncertainty for investors, reduce confidence in reported financial information, and ultimately increase the cost of capital for affected companies.

The proposal also creates an inconsistency that is difficult to justify. The auditor attestation requirement would continue to apply to certain foreign private issuers with a worldwide public float above US$75 million, while domestic companies with public floats of up to US$2 billion would be exempt. We do not believe there is a compelling policy rationale for this difference in treatment.

We are not alone in this view. The Council of Institutional Investors (CII) has repeatedly opposed widening the section 404(b) exemption[vii] and the U.S. Government Accountability Office has found that companies without independent auditor attestation are more likely to restate their financial statements.

Our Global Governance Principles[viii] call for rigorous, independent external audits to protect the integrity of corporate reporting, and for a company's internal controls to be tested each year for their adequacy. We therefore urge the Commission to retain the auditor attestation requirement for all reporting companies that are currently subject to Section 404(b). Their investors should not lose this important protection simply because the filer status thresholds have changed.

If the Commission proceeds with the proposal, appropriate transition arrangements should apply. It will be critically important that the SEC closely monitor the impact of this change on financial reporting quality. We believe that the SEC should report on the outcomes and issues that may happen due to the changes and create a clear process for revisiting and

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[vi] U.S. Securities and Exchange Commission, Proposing Release, Economic Analysis, Table 6, 19 May 2026.
[vii] Center for Audit Quality and Council of Institutional Investors, Joint letter opposing legislation eroding Section 404(b) of the Sarbanes-Oxley Act, 2016.
[viii] ICGN Global Governance Principles 2021.pdf, Principle 8.

reinstating the framework if unintended consequences or a deterioration in financial reporting quality emerge.

**Executive compensation disclosure requirements**

The Commission acknowledges that the proposed reductions in executive compensation disclosures would impose costs on investors. It recognises that scaling back these disclosures could make it more difficult for shareholders to assess management incentives, weaken investment and voting decisions, reduce shareholder engagement, and increase agency risks. We agree with that assessment.

In the proposal the Commission acknowledges:

- To the extent that insider and shareholder incentives are not fully aligned (e.g., moral hazard and agency problems are present), scaled executive compensation disclosures could make it more difficult to observe managerial incentives and potentially increase moral hazard. The proposed amendments may also affect shareholder ability to make informed investment and voting decisions. We agree.
- The proposed elimination of the requirement to conduct say-on-pay votes, say-on-pay frequency votes, and say-on-golden-parachute votes (henceforth, collectively, the "SOP votes") for NAFs is expected to decrease the effect of the proposed scaled disclosures on voting decisions to the extent that shareholders view current executive compensation disclosures as informative for SOP votes under the baseline (although shareholders' ability to make informed voting decisions with respect to other votes, such as votes on director elections or shareholder or management proposals, may still be affected).
- The continued availability of other executive compensation and governance-related disclosures in registrant filings (such as annual reports on Form 10-K and proxy and information statements) under the proposal could mitigate some of these effects.
- Further, some of the information that would no longer be required to be disclosed may be obtained or approximately estimated from other disclosures by the registrant or third-party sources. The proposed amendments may also indirectly result in decreased engagement with shareholders.

The proposal would exempt Non-Accelerated Filers from requirements relating to say-on-pay and say-on-frequency votes, remove pay-versus-performance disclosure, eliminate the Compensation Discussion and Analysis (CD&A), and remove the pay ratio disclosure. In our view, these changes would significantly weaken transparency and board accountability.

As we noted in our April response to the Commission's review of Regulation S-K, these disclosures remain important and material to investors:

- Say-on-pay and say-on-frequency votes, which are important advisory shareholder votes, required by the Dodd-Frank Act, provide shareholders with an important mechanism to express their views on executive remuneration and hold boards accountable for pay practices. We do not support removing these rights. We also believe that these changes are inconsistent with what the Congress intended under Dodd-Frank[ix] and could subject the proposed changes to legal challenge if not removed.

[ix] Dodd-Frank Wall Street Reform and Consumer Protection Act, PUBLIC LAW 111–203—JULY 21, 2010.

- Pay-versus-performance (Item 402(v)) disclosure enables investors to assess whether executive remuneration is aligned with long-term company performance and to compare practices across companies and sectors.
- Compensation Discussion and Analysis (CD&A) (Item 402(b)) provides the narrative context needed to understand how and why remuneration decisions have been made. It remains one of the most valuable executive compensation disclosures for investors.
- Pay ratio disclosure is a straightforward, low-cost metric that provides additional context for evaluating executive pay.

Taken together, these disclosures provide investors with a coherent picture of executive remuneration and its alignment with long-term value creation. Removing individual elements weakens that picture; removing several simultaneously would significantly reduce transparency.

We believe that this weakening therefore appears to contradict the U.S. Supreme Court's decision[x] that a matter is "material if there is a substantial likelihood that a reasonable investor would consider it important when determining whether to buy or sell securities." The disclosures that would be eliminated have long been considered material by investors. The SEC has stated that "materiality is the north star" of its current regulatory regime. We agree and believe that these disclosures should be retained.[xi]

In addition, we believe that there may be other negative consequences:

- Removing say-on-pay weakens governance feedback. Without a dedicated advisory vote on executive pay, investors may be more likely to express concerns by voting against compensation committee members or other directors, resulting in a less targeted and less informative signal to boards.
- The proposal could make engagement less efficient. Redirecting pay concerns into director elections or broader governance actions could also be a less effective mechanism for both investors and companies than a dedicated say-on-pay vote.

We therefore urge the Commission to retain the requirements for say-on-pay and say-on-frequency votes, pay-versus-performance disclosure, the Compensation Discussion and Analysis, and pay ratio disclosure for all reporting companies.

**Other disclosures**

The proposal would also scale back several other disclosures, some of which we believe would have a negative impact on investor protection and others which we believe are sensible simplifications:

- Risk factors (Item 105): Investors continue to rely on company-specific risk disclosures and do not support their removal. We may support simplifying these disclosures by focusing on a company's principal and emerging risks and highlighting material changes since the previous reporting period, similar to current UK market practice.[xii] However, we do not support eliminating risk factor disclosures for companies with public floats of up to US$2 billion.

[x] TSC Industries, Inc. v. Northway, Inc. | 426 U.S. 438 (1976) | Justia U.S. Supreme Court Center.
[xi] Remarks by Chairman Paul Atkins, SEC.gov | Remarks at the Investor Advisory Committee Meeting, March 12, 2026.
[xii] UK Parliament, Companies Act 2006, section 414C(2)(b), 2006; and Financial Reporting Council,

- Years of financial statements: We recognise that requiring only two years of financial statements may reduce reporting burdens for Non-Accelerated Filers. However, the third year often provides important context for identifying longer-term trends in financial performance. Our preference is therefore to retain the current three-year requirement.

- Market risk (Item 305): Investors support reducing boilerplate disclosures, provided companies continue to explain their material exposures to market risks, including interest rates, foreign exchange, and commodity prices, together with how those risks are managed.

- Supplementary financial information (Item 302): We could support this proposal where the same information remains readily available elsewhere in the financial statements or under Regulation S-X.

- Related Party Transactions (RPT) (Item 404): As noted in ICGN's comment letter on the proposed amendments to Regulation S-K, "ICGN believes that the $120,000 threshold for all companies is still an appropriate level for disclosure purposes and is in fair alignment with the median income of American investors." We therefore believe the SEC should retain the existing rule for covered companies and $120,000 threshold for disclosures relating to policies and procedures for the review, approval, or ratification of related-party transactions.

- Stock performance graph: We do not object to removing this requirement, as the underlying data are now readily available from other sources.

**Smaller companies and filing deadlines**

We do not object in principle to giving the smallest companies (those with total assets of US$35 million or less) more time to file: 120 days instead of 90 for the annual report, and 50 days instead of 45 for the quarterly report. These changes *when* companies report, not *what* they report. Companies would still provide audited financial statements, MD&A, and management's report on internal controls.

That said, timely information remains important to investors, and 120 days is a considerable period of time to wait for an annual report. Any extension should therefore remain proportionate and be limited to the smallest reporting companies.

**How SEC proposed rule changes are brought forward for consultation**

We continue to encourage the Commission to bring forward smaller rule packages rather than one large proposal. This proposal may have benefitted from separate proposals on the tiered filer status, executive compensation provisions, and auditor attestation requirements.

Thank you again for the opportunity to share our perspective on this proposal. If you would like to follow up with questions or comments, please contact our Senior Advisor, Americas, Carol Nolan Drake (carol.nolandrake@icgn.org) or Senior Policy Executive, Ayan Tewari (policy@icgn.org).

UK Corporate Governance Code, 2024.

Yours faithfully,

Jen Sisson

**Jen Sisson**

**Chief Executive Officer, ICGN**

Cc:

SEC Commissioner Hester Peirce
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