

April 13, 2026

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Statement on Reforming Regulation S-K (File No. CLL-15)

Dear Ms. Countryman,

This letter¹ is submitted by Financial Executives International's ("FEI") Committee on Corporate Reporting ("CCR") in response to the Securities and Exchange Commission's ("SEC" or "Commission") request for comments on Regulation S-K².

FEI is a leading international organization comprised of members who hold positions as Chief Financial Officers, Chief Accounting Officers, Controllers, Treasurers, and Tax Executives at companies in every major industry. CCR is FEI's technical committee of approximately 50 Chief Accounting Officers ("CAOs") and Corporate Controllers from Fortune 100 and other large public companies, representing more than \$19 trillion in market capitalization. CCR reviews and responds to pronouncements, proposed rules and regulations, pending legislation, and other documents issued by domestic and international regulators and organizations such as the SEC, PCAOB, FASB, and IASB.

Executive Summary

CCR commends the Commission for its recent rulemaking initiatives. We continue to support the Commission's commitment to reducing the regulatory burdens of entering and operating in public markets – critical to the SEC's mission to enable and promote capital formation.

In our letter, we offer targeted suggestions to refine Regulation S-K requirements as well as targeted recommendations beyond the scope of Regulation S-K that we believe are of commensurate importance. The enclosed proposals were developed in accordance with CCR's governance procedures. This includes a survey of the Committee membership and multiple, iterative reviews by a drafting committee comprised of member company CAOs, Controllers and their direct reports. As noted, CCR is comprised of the largest public companies across a diverse array of industries – each with unique regulatory challenges and varying priorities. The suggestions incorporated in this letter reflect areas of consensus across Committee members and may not align with the specific views of every individual entity or industry group. Accordingly, we have not prioritized our recommendations.

To assist with the Commission's review, we have instead strategically categorized our recommendations. This letter is organized into distinct Parts and further subdivided into Sections.

- Part I presents the Commission with a condensed list of our recommendations.
- Part II presents the Commission with a more detailed discussion of each recommendation.

¹ This letter represents the views of CCR and not necessarily the views of FEI or its members individually.

² [SEC.gov | Statement on Reforming Regulation S-K](https://www.sec.gov/statement-on-reforming-regulation-s-k)

We recognize that the CAO and Controller maintain primary responsibility for the financial statements. However, we believe it is essential to delineate between controllership focused matters and those that require direct involvement of legal counsel to address potential regulatory and litigation risks. As such, our recommendations and considerations are delineated as follows:

- Section I – controllership focused recommendations
- Section II – recommendations requiring close coordination with legal counsel
- Sections III and IV – recommendations and considerations beyond the scope of Regulation S-K

In addition to our recommendations on Regulation S-K requirements in Sections I³ and II, we have also included Section III to capture recommendations that may not fall within the immediate purview of Regulation S-K, yet we believe warrant consideration. Furthermore, in response to the Division of Corporation Finance's interest in Regulation S-X, Section IV captures CCR's leading Regulation S-X priorities, which we view as the most impactful and significant for the Commission's immediate consideration. While we have prioritized select provisions of Regulation S-X for reform, we have deferred the submission of specific recommendations to ensure a robust deliberative process. We look forward to preparing a comprehensive list of recommendations upon formal request for comment by the Commission.

We also acknowledge the Commission's ongoing consideration of a transition to a semi-annual reporting regime. While we offer preliminary views in this letter, we look forward to responding to a separate Commission proposal. Regardless of the filing cadence ultimately adopted by the Commission, our recommendations remain fundamentally applicable. The proposals in this letter are aimed at reducing "boilerplate" discussions in the filings by taking a materiality-first approach. These suggestions are intended to enhance the quality and accessibility of information provided to stakeholders, whether on a quarterly or semi-annual basis.

We respectfully submit these recommendations for your consideration. We believe that amending Regulation S-K, Regulation S-X and related SEC rules will prioritize the disclosure of material information, which would significantly alleviate the burden of public company reporting. By rationalizing reporting requirements, we believe the Commission can increase the usefulness of our financial statements and enable more timely reporting to our stakeholders, including the investor community. Doing so will reduce the burden of operating as a public company and strengthen the overall health and vitality of capital markets.

CCR welcomes the opportunity to provide additional context through a live discussion and can facilitate further engagement with our legal teams as needed. We stand ready to support the Commission in their endeavors and appreciate the opportunity to provide feedback on this important project.

³ With the exception of Item 106, which includes discussion related to Form 8-K Item 1.05, given the correlation to Item 106.

Part I – Condensed List of Recommendations

Section I: Controllershship Focused Recommendations

- **Item 103 – Legal proceedings**
 - We recommend the Commission eliminate all disclosure requirements for material pending legal proceedings.
- **Item 106 – Cybersecurity**
 - We recommend the Commission eliminate the requirement to disclose Item 1.05 in Form 8-K.
 - We recommend the Commission eliminate Item 106 disclosure requirements.
- **Item 201 – Market price of and dividends on the registrant’s common equity and related stockholder matters**
 - We recommend the Commission eliminate certain requirements in Item 201.
- **Item 303 – Management’s discussion and analysis (MD&A) of financial condition and results of operations**
 - We recommend the Commission make the year-to-date (“YTD”) requirement optional.
- **Item 305 – Quantitative and qualitative disclosures about market risk**
 - For non-financial institutions only:
 - We recommend the Commission eliminate requirements that overlap with other reporting requirements.
 - We also recommend the Commission allow for omission of Item 305(a)(ii)(A) for instruments designated as fully effective hedges.
 - Finally, we recommend the Commission allow for management discretion in determining which large notional balances are truly at-risk positions.
 - For the avoidance of doubt, we are not proposing any changes to Item 305 for financial institutions.
- **Item 404 – Transactions with related persons, promoters and certain control persons**
 - We recommend the Commission replace the fixed-dollar amount threshold with a principles-based materiality standard.
- **Item 408 – Insider trading arrangements and policies**
 - We recommend the Commission rationalize disclosures required for changes to trading plans and make explicit that a tabular format for Item 408(a) disclosures is permitted.
 - We recommend the Commission modify Item 408(b) such that the requirement to explain why a registrant has not adopted insider trading policies is eliminated, and, for those registrants that have adopted insider trading policies – allow for a narrative disclosure of policies and procedures in lieu of filing an exhibit.
- **Item 601 – Exhibits**
 - We recommend the Commission revise Exhibit 21 not to focus on significant subsidiaries, but rather on operating subsidiaries only.

Section II: Legal Consultation Recommendations

- **Item 104 – Mine safety disclosure**
 - We recommend the Commission allow for incorporation by reference to the U.S. Department of Labor’s Mine Safety and Health Administration (“MSHA”) website.
- **Item 105 – Risk factors**

- We have considered Chair Atkins' proposals on risk factors⁴ and support the Commission's adoption of a safe harbor shielding companies from liability if they fail to disclose widely known/generalized risks.
- We further recommend the Commission eliminate the summary requirement for risk factors exceeding 15 pages.
- **Item 402 – Executive Compensation**
 - Refer to the Appendix.

Section III: Additional Recommendations

- **Regulation S-T Rule 405 and Rule 406 – Interactive data file submissions**
 - We recommend the Commission eliminate eXtensible Business Reporting Language ("XBRL") tagging requirements.
- **Rule 10D-1 – Listing standards relating to recovery of erroneously awarded compensation**
 - We recommend the Commission eliminate the "check-the-box" requirements.
- **Interim reporting**
 - We are generally supportive of a potential shift toward a semi-annual reporting framework and believe issuers should have the option to report quarterly.

Section IV: Regulation S-X Priorities

Refer to Part II Section IV for considerations.

- **Rule 3-05 – Financial statements of businesses acquired or to be acquired**
- **Rule 3-09 – Separate financial statements of subsidiaries not consolidated and 50 percent or less owned persons**
- **Rule 4-08(h) – General notes to financial statements**
- **Rule 5-03 – Statements of comprehensive income**
- **Rule 5-04 – What schedules are to be filed**

⁴ [SEC.gov](https://www.sec.gov) | [Remarks at the Texas A&M School of Law Corporate Law Symposium](#)

Part II – Detailed List of Recommendations

Section I: Controllershship Focused Matters

- **Item 103 – Legal proceedings**
 - We recommend the Commission eliminate requirements under Item 103 in their entirety. We recognize the Commission’s focus on a disclosure regime grounded in materiality and believe the practical application of Item 103 has become largely duplicative. Registrants often satisfy requirements of Item 103 by cross-referencing their disclosures under Accounting Standards Codification (“ASC”) 450, *Contingencies*. Given the disclosure requirements per ASC 450 provide investors and stakeholders with material information regarding legal proceedings, eliminating Item 103 would rationalize disclosures without a reduction in decision-useful information for investors.
- **Item 106 – Cybersecurity**
 - While we recognize that Item 106 solely pertains to risk management, strategy and governance related to cybersecurity, we strongly encourage the Commission to consider elimination of Item 1.05 in Form 8-K related to the disclosure of material cybersecurity incidents. We applaud the Division of Corporation Finance for clarifying the trigger for disclosure in Item 1.05 occurs at the time the cybersecurity event is determined to be material and that the four-day “clock” begins after such determination has been made. While the four-day window begins upon a materiality determination, a matter may be deemed material before the actual facts (e.g., data loss, business impact, remediation cost) are known. Furthermore, we believe registrants – in pursuit of compliance with Item 1.05 – are forced to provide vague incident commentary, as investigations may be ongoing.
 - As such, we propose Item 1.05 be eliminated, and material cybersecurity incidents be disclosed within a registrant’s periodic filings. Utilizing the existing reporting cycle allows preparers the necessary time to conduct a thorough investigation, and provides investors with a complete narrative of material cybersecurity incidents. We believe this will be more useful to investors than fragmented 8-K filings. Additionally, we believe that in the absence of Item 1.05, catastrophic incidents necessitating immediate public communication would be disclosed voluntarily by registrants under Item 7.01 or Item 8.01.
 - Additionally, we propose the Commission eliminate the standalone disclosure requirements under Item 106 and return to a principles-based approach by integrating material cybersecurity disclosures into Risk Factors.
 - Prior to the adoption of Item 106, registrants successfully provided disclosures on cybersecurity within Risk Factors. We believe the integration within this section of the filing allows users to understand cybersecurity risks in the context of other enterprise-level risks.
 - Furthermore, we do not believe the granular detail required in Item 106(b) and Item 106(c) provides substantive value to investors, and are concerned it could provide bad actors with undue insight on processes to manage cybersecurity threats and management involved.
 - Alternatively, if the Commission opposes the elimination of Item 106, we propose the Commission permit omission of the disclosure requirements around cybersecurity – including discussions on risk management and strategy (Item 106(b)) and governance (Item 106(c)) – to prevent the disclosures from becoming a roadmap for adversaries.

- We believe the process-level detail as required in Item 106(b)(1), may provide adversaries and other bad actors with undue insight into how an organization assesses, identifies, and manages cybersecurity threats. We suggest the Commission provide a safe harbor, explicitly allowing companies to omit specific process details that could, if disclosed, pose a security risk. Companies could instead, reference compliance with existing cybersecurity frameworks.
- We question the necessity for this level of detail and do not believe it provides substantive value to investors and other users of the financial statements. Furthermore, while we support disclosing board oversight, we grapple with the utility of identifying specific management-level personnel or communication channels involved in cybersecurity incident evaluation and do not believe the information is helpful or material to investors. As mentioned above, such granular detail could allow bad actors undue insight into internal operations, enabling them to target specific aspects of communication or persons with significant roles – potentially rendering a company’s ability to respond to a cybersecurity incident ineffective.
- If the Commission were to retain Item 106, we would encourage the Commission to consider revising Item 106 to clarify that materiality for cybersecurity risks should hinge on whether the risk has a reasonably foreseeable business impact.
- **Item 201 – Market price of and dividends on the registrant's common equity and related stockholder matters**
 - We encourage the Commission to eliminate certain requirements in Item 201 – specifically the requirements to disclose market information, holders, and the performance graph, as this data is outdated by the time it is publicly filed in the Form 10-K.
 - Market information (Item 201(a)) is readily and publicly available online, and investors can easily access this information via real-time financial platforms and exchange websites.
 - The disclosure of the “number of holders” (Item 201(b)) provides limited decision-useful information to investors, particularly given its time-sensitive nature and the availability of real-time ownership data from third-party platforms, such as Bloomberg. We believe real-time ownership data far exceeds the utility of our static disclosure and would expect stakeholders to place greater reliance on external tools than our filings to retrieve this information.
 - Finally, we believe the disclosure of the performance graph (Item 201(e)), is unnecessary. Investors have access to customizable tools that allow them to understand a registrant’s individual performance and compare that performance against any chosen index or peer group in real-time. The effort and time invested in developing the graph does not justify the benefit to investors, given the widespread availability of resources that arguably provide better, more accurate information.
- **Item 303 – Management's discussion and analysis (MD&A) of financial condition and results of operations**
 - We encourage the Commission to revise the interim period requirements (Item 303(c)) to reduce repetitiveness with previously communicated information. Currently,

registrants are required to discuss any material changes in the registrant's results of operations with respect to the most recent fiscal YTD period for which a statement of comprehensive income is provided and the corresponding YTD period of the preceding fiscal year **and** discuss any material changes in the registrant's results of operations with respect to **either** the most recent quarter for which a statement of comprehensive income is provided and the corresponding quarter for the preceding fiscal year **or**, in the alternative, the most recent quarter for which a statement of comprehensive income is provided and the immediately preceding sequential quarter.

- CCR has observed that investors do not typically ask questions on YTD analysis in interim filings (i.e., 6-month and 9-month discussion in Q2 and Q3 10-Qs) for the following reasons:
 - Information that is more forward looking, and often of particular interest to investors, resides in the most recent quarterly disclosure in any event.
 - Management of most companies discusses performance in earnings materials using the quarter-to-date ("QTD") analysis.
 - The YTD analysis does not provide incremental information as investors can easily reference prior quarterly filings, and
 - The YTD analysis and QTD analysis are often repetitive, citing similar factors for material changes in results.
- Due to these reasons, we do not believe the benefits of this detail to investors outweigh the costs of preparing this analysis for interim filings. As such, we suggest the Commission revise Item 303(c) to make the YTD requirement optional. We believe many companies may elect not to include this detail, resulting in a significant reduction in compliance effort and overall volume of information presented, without loss of useful information to investors, which will be captured in the most recent quarterly disclosure.
- We understand the Commission may be exploring potential changes to the cadence of required reporting. Should the Commission adopt a requirement for semi-annual reporting and optional quarterly reporting, we recommend the Commission nonetheless consider the recommendation above for CCR members who may continue reporting voluntarily on a quarterly basis.
- **Item 305 – Quantitative and qualitative disclosures about market risk**
 - Our recommendations for Item 305 below pertain only to non-financial institutions.
 - We encourage the Commission to consider whether eliminations can be made to Item 305, as many of the requirements result in disclosure largely duplicative of information already provided within the audited financial statements. **Alternatively**, if elimination is deemed inappropriate, we suggest the Commission expressly permit registrants to fulfill Item 305 requirements by cross-referencing the relevant financial statement footnotes.
 - Registrants currently provide exhaustive quantitative and qualitative disclosures on an interim and annual basis under ASC 815, *Derivatives and Hedging*. These disclosures include fair value amounts, gains and losses, and narrative descriptions on risk exposures for instruments.
 - Additionally, ASC 820, *Fair Value Measurement* requires a breakdown of the fair value hierarchy (Level 1, 2, 3). Additional details are required for Levels 2 and 3, including a description of the valuation technique(s) and any change in valuation technique(s). Level 3 also requires additional detail on quantitative inputs and narrative descriptions.

- We believe that in certain industries, many of these disclosures may be redundant and contribute to the overall volume – but not the quality – of SEC filings. This repetition can obscure important details and potentially confuse investors due to the differing presentation formats between the financial statement footnotes and requirements in Item 305. Removing these overlapping requirements (or allowing for a reference to the financial statements) would allow investors to focus on a single, authoritative source for this information.
 - Item 305(a)(ii)(A)) requires registrants to include sensitivity analysis disclosures. While we recognize the benefits of this discussion, particularly for more speculative instruments or unhedged instruments, we encourage the Commission to consider whether its application to all instruments elicits immaterial information.
 - We recommend the Commission explicitly allow for omission of instruments designated as fully effective hedges from the sensitivity analysis.
 - We also recommend the Commission allow for management discretion in determining which large notional balances are truly at-risk positions. Large notional amounts often relate to routine management, and shifting to a principles-based approach would allow us to focus this disclosure on positions with actual loss potential.
 - For the avoidance of doubt, we are not proposing any changes to Item 305 for financial institutions as the current disclosure requirements are critical for investors in the financial services industry.
- **Item 404 – Transactions with related persons, promoters and certain control persons**
 - We encourage the Commission to revise quantitative disclosure thresholds, particularly the threshold within Item 404(a) for registrants to disclose information about transactions with related parties where the amount involved exceeds \$120,000.
 - For large, multinational registrants, a \$120,000 transaction is statistically insignificant. We suggest the Commission replace this fixed dollar amount with a principles-based materiality standard.
- **Item 408 – Insider trading arrangements and policies**
 - We encourage the Commission to simplify the quarterly disclosure requirements related to the adoption, modification, or termination of Rule 10b5-1 and non-Rule 10b5-1 trading arrangements. Specifically, we suggest modifications to Item 408(a) and Item 408(b).
 - Item 408(a) compels the disclosure of administrative or non-substantive changes to trading plans. We suggest the Commission limit disclosures to material changes in the terms of a director or officer’s arrangement to avoid discussion of minor modifications. Additionally, to improve readability, we also suggest the Commission make explicit that a tabular format is permitted for Item 408(a) disclosures. We believe this format may be more digestible for investors compared to narrative disclosures.
 - Item 408(b) requires registrants to explain why they have not adopted insider trading policies. We believe a narrative justification of the absence of such policies moves beyond purely objective disclosure and may function as a mandate on corporate conduct. This reflects what Chair Atkins has recently

described as, “regulation by shaming”⁵. We believe this requirement should be modified such that a simple “Yes/No” disclosure on the existence of such policies is permitted, with no additional narrative disclosure required. We believe this provides sufficient clarity for investors on the existence of policies without placing an undue burden on the registrant.

- Additionally, under Item 408(b), registrants that have adopted insider trading policies are required to file such policies and procedures as an exhibit (Exhibit 19). We recommend the Commission provide registrants with the option to provide a substantive narrative description of these policies within the body of their periodic report in lieu of a separate exhibit filing. For most CCR companies, the formal policy filed is a lengthy document – forcing investors to navigate away from the primary filing to a separate exhibit. A comprehensive narrative summary within the filing would reduce friction in investor review and analysis. Additionally, we believe registrants are better positioned to highlight the material aspects of their policies through a narrative description. The full exhibit often includes granular detail we believe provides little incremental value to the investor.

- **Item 601 – Exhibits**

- We encourage the Commission to consider whether Item 601, Exhibit 21 – Subsidiaries of the registrant – should be revised to more clearly define the population of entities included.
- The current definition of significant subsidiary resides in Regulation S-X Rule 1-02(w) – in which a subsidiary meets the Investment test, Income test, or Asset test. The actual process of identifying which subsidiaries are significant under this definition may be complex and is often burdensome. Refer to Section IV for additional considerations on significance tests required by Regulation S-X.
- We propose Exhibit 21 focus not on significant subsidiaries, but solely on operating subsidiaries. Additionally, we recommend that holding companies should either be excluded or categorized separately from operating subsidiaries, to streamline the disclosure and enhance investors’ ability to more easily identify the revenue-generating subsidiaries within the organization.

Section II: Legal Consultation Matters

- **Item 104 – Mine safety disclosure**

- We recognize Item 104 was adopted by the Commission to implement Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act⁶ (“Dodd-Frank Act”). These requirements are derived from the Federal Mine Safety and Health Act of 1977, administered by the MSHA.
- While the codification of these requirements into Regulation S-K was intended to facilitate compliance, we question the utility of these disclosures given the comprehensive reporting required by MSHA. Specifically, MSHA maintains a [public data retrieval system](#) on its website that allows users to examine, on a mine-by-mine basis, data on inspections, violations and accidents, as well as information about dust samplings at all mines in the United States. We believe this database offers stakeholders

⁵ [SEC.gov | Remarks at the Investor Advisory Committee Meeting](#)

⁶ [COMPS-9515.pdf](#)

significantly more transparency in real-time in comparison to point-in-time disclosure within an SEC filing.

- While we acknowledge the Commission does not have the authority to revise the Federal Mine Safety and Health Act of 1977 nor the Dodd-Frank Act – we encourage the Commission to consider whether Item 104 can be modified. In lieu of the detailed disclosure requirements currently in Item 104, we propose the Commission permit incorporation by reference to information available through the MSHA public database. We believe this will reduce the burden on registrants to prepare these disclosures without compromising the quality and amount of data provided to investors.
- **Alternatively**, should the Commission oppose incorporation by reference, we propose establishing quantitative or qualitative materiality thresholds. The lack of such thresholds for this section results in the disclosure of immaterial facts that do not provide meaningful insight into the registrant’s operations and safety.
- **Item 105 – Risk factors**
 - Risk factor disclosures were originally intended to provide investors with clear, decision-useful information about the specific risks facing a company. Chair Atkins, during his time as a Commissioner in 2005, believed this would be a concise discussion of “what keeps management up at night.”⁷ However, this section has evolved over time into a largely defensive exercise, with companies enumerating a broad range of potential risks to mitigate litigation exposure – rather than to enhance investor understanding of the risks unique to the business. This has resulted in risk factors section of the 10-K frequently being one of the longest sections of the annual report.
 - We appreciate Chair Atkins highlighting the challenges with risk factors disclosures today, and support his proposed solution for a common sense safe harbor – shielding companies from liability under federal securities laws’ anti-fraud rules for failing to disclose impacts from publicized events that are reasonably likely to affect most companies (i.e., widely known, generalized risks). Such an approach would realign the purpose of risk factors, enabling companies to move away from lengthy, boilerplate disclosures and return to a regime focused on communicating material, company-specific risks to investors.
 - In addition, we recognize the Commission’s attempts to reduce the length of the risk factor disclosures – particularly through strategic amendments to Item 105 in 2020 – to (a) require a summary if the section exceeds 15 pages and (b) to replace the requirement to disclose the “most significant” factors with “material” factors. Despite these attempts, many companies have retained their pre-2020 risk factors (or added more risk factors) in addition to including a summary. Consequently, the summary requirement inadvertently increased the disclosure length. As such, we recommend the Commission eliminate the summary requirement.
- **Item 402 – Executive Compensation**
 - Refer to the Appendix.

Section III: Additional Recommendations

- **Regulation S-T Rule 405 and Rule 406 – Interactive data file submissions**

⁷ [SEC.gov | Remarks at the Texas A&M School of Law Corporate Law Symposium](#)

- While we appreciate the Commission’s efforts to support financial analysis through the development and refinement of XBRL requirements, we believe the compliance costs associated with XBRL tagging have become disproportionate to its utility. Accordingly, we recommend the Commission eliminate XBRL tagging requirements.
- The usefulness of XBRL depends on the consistent application of the U.S. GAAP taxonomy and related guidance. However, the taxonomy is complex and technically dense. Preparers must navigate thousands of elements, many of which involve ambiguous definitions or labels that do not align with market terminology. Additionally, the lack of practical guidance for certain fact patterns results in manual mapping and reliance on company-specific extensions. As a result, registrants may reach different, yet reasonable, tagging conclusions for economically similar disclosures – reducing comparability and decision-usefulness of tagged data for investors and other users.
- Additionally, we believe the utility of XBRL tagging for investors and users has diminished over time considering the significant developments in the technological and reporting landscape. At the time of formation, these requirements were necessary to level the playing field for investors and analysts, improve comparability of financial information and provide real-time information upon filing to the market. Since 2009, there have been significant advancements in technology and Artificial Intelligence (“AI”). At one time, XBRL tagging was the primary method to get “clean,” machine readable data without manual data entry. However, we believe investors may now leverage Large Language Models (“LLMs”) and other AI tools – which can process filings and extract data with greater speed and accuracy. As such, we believe XBRL tagging may be less useful and relevant to users. We encourage the Commission to conduct direct outreach with investors and other major data aggregators (e.g., Bloomberg, FactSet) to verify the current utility of XBRL requirements, as the market is now well-equipped with many advanced tools to process unstructured data that we believe may be more efficient than legacy tagging systems. It is important to note that we strongly encourage the Commission to conduct outreach with investors and major data aggregators to ensure the removal of XBRL tagging requirements would not cause unintended consequences for these stakeholders.
- **Rule 10D-1 Listing standards relating to recovery of erroneously awarded compensation**
 - In 2022, the Commission adopted Rule 10D-1, which requires the adoption of and compliance with a written clawback policy, providing for the reasonably prompt recovery of erroneously awarded incentive-based compensation in the event of an accounting restatement. As part of this rule, the SEC added two specific “check-the-box” requirements on the cover of Form 10-K. CCR understands Box 1 should be checked for any required restatements (“Big R” or “little r”) or voluntary error corrections (often in financial statement notes), and Box 2 should be checked when there are any required restatements (“Big R” or “little r”), even if there is no incentive-based compensation received by executive officers during the recovery period or incentive-based compensation received was not affected by the corrected error.
 - While we understand the Commission’s objective to enhance transparency and mitigate inaccurate reporting, we believe the utility of this requirement is substantially limited. The current framework classifies every uncorrected error, including immaterial restatements, as a potential triggering event – a practice contrary to the Commission’s principle that disclosure requirements should be rooted in materiality. This requirement

also mandates additional analysis and legal review, which may be costly and time consuming. As such, we recommend the Commission eliminate the “check-the-box” requirements.

- **Interim reporting**

- We understand the Commission is actively working on a proposal for semi-annual reporting. While we intend to share our comprehensive views more formally upon a proposal by the Commission, we would like to offer preliminary insights and general sentiment of CCR.
- We are generally supportive of the Commission’s proposal to shift toward a semi-annual reporting framework. We believe providing issuers with optionality to report quarterly allows the market to dictate the optimal reporting frequency – which will be based on an individual entity’s facts and circumstances.
- While we anticipate investors may continue to request quarterly updates from companies, an optional environment allows management to provide and tailor a more meaningful quarterly information package that is compliant with Regulation Fair Disclosure. Preparers can focus on the disclosure of truly decision-useful information if relieved of Form 10-Q requirements.
- We believe this shift is a critical opportunity to rationalize the current disclosure burden, as many CCR companies dedicate significant resources to the preparation and review of certain quarterly disclosures – such as certain pension, fair value and derivative details – that we believe provide little-to-no incremental value to investors and contribute only to the volume of the filing.

Section IV: Regulation S-X Priorities

The following considerations highlight specific Regulation S-X requirements that CCR has identified as priority areas for reform. This list is not exhaustive and should not be construed as such. CCR will conduct a comprehensive review of Regulation S-X and provide recommendations upon formal request for comment by the Commission.

- **Rule 3-05 – Financial statements of businesses acquired or to be acquired and Rule 3-09 – Separate financial statements of subsidiaries not consolidated and 50 percent or less owned persons**
 - While Rules 3-05 and 3-09 address distinct investment structures, both rely on prescriptive, bright-line thresholds to mandate supplemental financial statements and burdensome disclosure requirements. The existing requirements impose rigid, quantitative triggers, which restrict management’s ability to exercise judgment, and often results in onerous reporting obligations that may provide limited incremental value to investors, particularly as certain U.S. GAAP disclosures may be duplicative. We believe the prescriptive nature of the existing requirements fails to support a disclosure regime grounded in materiality.
- **Rule 4-08(h) – General notes to financial statements**
 - We believe the recent adoption of Accounting Standards Update (“ASU”) 2023-09, *Improvements to Income Tax Disclosures*, has codified many of the Rule 4-08(h) requirements in U.S. GAAP. We are also of the view that the 5% bright-line threshold in Rule 4-08(h), which triggers an income tax rate reconciliation, may result in voluminous disclosure of immaterial items and limits management’s ability to consider materiality. The application of the bright-line threshold also creates undue burden for smaller pre-

tax income entities, which is inconsistent with the Commission's ideal that disclosure requirements must scale with a company's size and maturity, as mentioned by Chair Atkins⁸.

- **Rule 5-03 – Statements of comprehensive income**

- While we acknowledge the clarification provided by the SEC Staff at the 2025 AICPA & CIMA Conference on SEC and PCAOB Developments on the distinction between Rule 5-03(b) and disclosure requirements pursuant to U.S. GAAP⁹, we believe the Commission should reconsider the prescriptive revenue and cost captions required by Rule 5-03. Specifically, the requirement to separately disclose revenues and costs related to products and to services is predicated on legacy business models which have evolved significantly. Products and services are increasingly integrated in modern day operations, making a distinct separation of revenues and costs between the two challenging, and ultimately less decision-useful for investors.

- **Rule 5-04 – What schedules are to be filed**

- We believe the requirements for Schedule I (Condensed Financial Information of Registrant) and Schedule II (Valuation and Qualifying Accounts) under Rule 5-04 impose significant compliance burden on the preparer community while failing to provide investors with material, decision-useful information. Registrants typically do not maintain 'parent-only' financial statements as this presentation is not often utilized by management. Consequently, companies are required to undertake substantial effort and costs to prepare these schedules, solely to maintain compliance with Rule 5-04. Additionally, Schedule II often duplicates allowance data already captured on the face of the balance sheet and does not provide incremental decision-useful information to financial statement users.

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As described above, CCR is primarily comprised of Fortune 100 companies representing a diverse array of industries. Our comment letter drafting and governance procedures are designed to capture the general consensus of CCR. While this letter reflects such broad consensus, it does not necessarily represent the views of each individual member. To the extent that affiliated companies or individuals hold differing views on the specific recommendations included in this letter, we encourage them to submit separate comments and/or engage with the Commission directly. We welcome the opportunity to discuss these differing viewpoints with the Commission should it be helpful to your rulemaking process. Furthermore, at the Commission's request, CCR remains available to provide a formal redline of our proposed revisions to assist the Commission in its evaluation of the recommendations herein.

CCR appreciates the Commission's consideration of our comments and welcomes further discussion with the Commission and its Staff.

Sincerely,

Committee on Corporate Reporting

Committee on Corporate Reporting (FEI)

⁸ [SEC.gov | Remarks at the Investor Advisory Committee Meeting](#)

⁹ ASC 606, *Revenue from Contracts with Customers* and ASC 220-40, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures*.

Appendix

Item 402 – Executive compensation

While we acknowledge the Commission's concurrent initiative to solicit comments on Item 402 through the SEC Roundtable on Executive Compensation Disclosure Requirements¹⁰, CCR did not previously submit recommendations on Item 402. As such, we have included them in Table 1 for your consideration.

Table 1 – Item 402: Executive Compensation Suggestions

Item 402 Requirement	Revision Suggestions
Item 402(a)(3) Persons covered	Recommend modifying the definition of "Named Executive Officer" to include <u>only</u> the following individuals: - Principal Executive Officer - Principal Financial Officer
Item 402(b) Compensation discussion and analysis	Given the volume required, we recommend reviewing the graphs and tables for usefulness given their individual complexity.
Item 402(c)(2)(ix) All other compensation for the covered fiscal year that the registrant could not properly report in any other column of the Summary Compensation Table.	Recommend modifying this requirement to provide standardized methodology for disclosure and valuation and consider whether the disclosure remains appropriate.
Item 402(u) Pay ratio disclosure	Recommend the Commission simplify the requirements in one of the following ways: - Requiring percentage increase of PEO pay year over year and comparing that to the median workforce percentage pay increase year over year, - Considering three-year averaging to avoid one-time impacts, or - Disclosure only upon a material change in compensation philosophy.
Item 402(v) Pay versus Performance	Recommend substantial simplification to the pay-for-performance graphs. Alternatively , if the Commission does not feel simplification is appropriate, modify to allow for a principles-based approach tailored to company-specific circumstances.
Item 402(x)(2) Disclosure of the registrant's policies and practices related to the grant of certain equity awards close in time to the release of material nonpublic information	Recommend removing the requirement and table disclosure.

¹⁰ [SEC.gov | Comments on Executive Compensation Roundtable](https://www.sec.gov/comments/2019-01/2019-01-ecr-roundtable)