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

Re**:** File No. S7-2026-18; Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies

Dear Ms. Countryman:

CBIZ CPAs P.C. ("CBIZ") appreciates the opportunity to comment on the Securities and Exchange Commission's (the "SEC" or "Commission") proposal, *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies*, (the "Proposal"). CBIZ is a national accounting firm that serves a broad range of public and private companies across industries, including smaller issuers, emerging growth companies, and more mature reporting companies. We support the Commission's objective of promoting access to the public markets and reducing unnecessary complexity in the reporting framework.

At the same time, we believe the enduring strength of the U.S. capital markets rests on an appropriate balance between accessibility and investor protection. Capital formation is most durable when investors receive reliable, decision-useful information about a company's financial condition, governance, risks, and financial reporting discipline. In our view, disclosure scaling and phased compliance obligations are most appropriate when they are reasonably calibrated to issuer size, financial complexity, and the information needs of investors.

Overall, we support the Proposal's effort to simplify the filer status framework and reduce administrative complexity. Consolidating overlapping categories may improve operability for issuers and usability for investors. We also agree that newly public companies should have a meaningful on-ramp before being subject to the full set of obligations that apply to the largest seasoned issuers. However, we are concerned that the Proposal, as drafted, would extend scaled disclosure accommodations and defer independent auditor involvement in internal control over financial reporting ("ICFR") too broadly and for too long, including for companies that may be sizable, operationally complex, or financially significant to investors because of the company's high public float.

Our comments are grounded in three principles. First, disclosure and assurance should be scaled with issuer size and complexity, not solely with a public float-based category label. Second, investors in public markets benefit from robust, comparable, and reliable information, including information about the quality of internal controls. Third, simplification should not create prolonged periods in which investors must evaluate relatively large or complex issuers through a framework originally designed for smaller reporting companies.

The Proposal would collapse the current framework into two principal categories, large accelerated filers ("LAFs") and non-accelerated filers ("NAFs"), and raise the threshold for LAF status to $2 billion of public float, require two consecutive years above that threshold, and require at least 60 consecutive months of reporting history before LAF status can apply. It would also extend to all NAFs the scaled disclosure accommodation currently available to smaller reporting companies and emerging growth companies and would exempt all NAFs from the auditor attestation requirement under Section 404(b) of the Sarbanes-Oxley Act (SOX). In effect, a large majority of public companies would become eligible for scaled disclosures and would not be required to obtain an auditor attestation of management's assessment of ICFR.

We agree that reducing overlap among filer categories is a worthwhile policy objective. But the Proposal's breadth raises a more fundamental question: whether all issuers below the new $2 billion threshold should be treated as sufficiently similar in size, complexity, risk, and investor interest to justify the same streamlined treatment. In our view, the answer is no. Public float is a useful benchmark, but alone it is not a sufficient indicator of financial reporting complexity and scale of operations to determine the degree to which investors rely on a registrant's periodic reports for pricing and capital allocation decisions.

Large complex companies can have a relatively small public float due to numerous factors including a large percentage of shares being held by affiliates, being highly leveraged, and/or financial difficulty. As discussed below, we believe that a financial statement metric should be used to determine the level of disclosure in financial statements and that revenue would be the most comparable and relevant metric as an indicator for complexity and size of the issuer. As the Commission noted in Securities Exchange Act Release No. 88365, the high market value of some issuers "may be driven to a greater degree by their future prospects than by the current period's financial statements."

This concern related to similar treatment is particularly acute with respect to the Proposal's extension of scaled financial statement requirements under Article 8 of Regulation S-X to all NAFs. Article 8 was developed in 2007 for smaller reporting companies and permits reduced financial statement presentation requirements relative to the broader Regulation S-X framework. Its predecessor was Regulation S-B, which was developed in 1992 with separate rules for disclosures occurring inside, outside, and about the financial statements. At the time of adoption, Regulation S-B was applicable to small companies that had less than $25 million in revenue *and* public float. Adjusting for inflation, the threshold would be approximately $59 million[1] today.

[1] $25 million adjusted for a cumulative inflation factor of 137% sourced from the Consumer Price Index.

While the Commission has increased the threshold several times over the last three decades, current rules dictate that a company with revenue of over $100 million can only be a smaller reporting company if its public float is less than $250 million. Extending that framework to all NAFs would mean that companies with substantial revenues, broad operations, or complex structures could present information within a regime designed for much smaller companies. In our view, that outcome risks increasing information asymmetry and reducing comparability precisely where investors may need disciplined, standardized disclosure the most.

We are similarly concerned by the Proposal's approach to ICFR. Management's annual assessment of ICFR under SOX Section 404(a) is important and promotes accountability. The auditor's attestation under SOX Section 404(b) provides an additional, independent assurance signal that benefits investors, audit committees, and the broader market. That attestation can enhance the reliability of management's conclusions, support earlier identification and remediation of control deficiencies, and strengthen confidence in the overall financial reporting ecosystem. These benefits are especially relevant where an issuer is growing quickly, operating in more complex environments, or developing systems and processes under the demands of the public company reporting framework.

The academic and policy record also suggests that the costs and benefits of Section 404(b) should not be viewed only through the lens of direct audit fee savings. While cost savings from exemption are real, research cited by the Commission and others indicates that weaker control environments and delayed identification of internal control problems can produce meaningful costs through lower future earnings, delayed remediation, and adverse market effects.[2] More recent public policy work likewise suggests that exempt issuers may experience weaker control outcomes and that the burden of Section 404 compliance, while proportionally heavier for smaller companies, also must be evaluated against the benefits of stronger financial reporting and investor confidence.

Investor and market-participant feedback on prior filer-status and Section 404(b) rulemakings has also been notably consistent. Investor organizations such as the Council of Institutional Investors[3] and CFA Institute[4] have similarly argued that the ICFR auditor attestation requirement supports confidence in financial statements and market integrity, including for lower-revenue and higher-growth issuers where the risk of misstatement or fraud may be of particular concern. We believe these views remain highly relevant to the Commission's current analysis because the present Proposal would expand the Section 404(b) exemption far beyond prior calibrations.

In our view, the Proposal would be improved by providing the most significant reporting and disclosure accommodations, particularly Article 8 financial statement scaling, and the extended deferral and exemption from Section 404(b), only to issuers whose size and complexity justify such accommodations.

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[2] U.S. Government Accountability Office, Sarbanes-Oxley Act: Compliance Costs Are Higher for Larger Companies but More Burdensome for Smaller Ones (June 2025)

[3] Council of Institutional Investors July 25, 2019, response to the SEC's Proposed Rule on Amendments to the Accelerated Filer and Large Accelerated Filer Definitions

[4] CFA Institute August 22, 2019, response to the SEC's Proposed Rule on Amendments to the Accelerated Filer and Large Accelerated Filer Definitions

We believe that unless a company is truly small, it should provide all the disclosures required by Regulation S-X. Unless an issuer qualifies as a small non-accelerated filer ("SNF") under the current Proposal or the alternative described in the paragraph below, we believe investors should receive financial statements that are comparable. Accordingly, we believe NAFs, like LAFs, should be required to present:

- Three years of financial statements. We believe investors benefit from being provided with three years of comparable information.
- Financial statements and disclosure prepared in accordance with Articles 5, 7 and 9, as applicable. We believe these rules help promote comparability and provide important benchmarks for disclosure to ensure investors receive decision-useful information.
- Financial statements pursuant to S-X Rule 3-09, if applicable. While we noted in the Proposal the expansion for summarized information under S-X 4-08(g), we believe there are situations when this disclosure is not sufficient, and S-X 3-09 financial statements are necessary.
- Interim financial statements based on Article 10 vs Article 8. The degree to which interim financial statements can be condensed in Article 8 is too significant for a company with substantial revenues, broad operations, and/or complex structures.
- The disclosures required by Article 4 of Regulation S-X that are not required by Article 8 of Regulation S-X as applicable. While many of the disclosures would have limited applicability, to the extent that they are applicable, they should be provided.

If the Commission believes some of these disclosures should be modified or eliminated because they do not provide investors with decision-useful information, it should do so for all companies.

We believe that scaled disclosures in Article 8 of Regulation S-X should be limited to those companies that are truly small and generally simple as was the Commission's intent when it created Regulation S-B and when it evolved into a separate category of filer in Regulation S-X. If the Commission limited the scaled disclosure in Article 8 of Regulation S-X to only companies that are SNFs, it could reasonably increase the size of companies in this category by creating a public float threshold with a revenue limit in lieu of the $35 million asset limit. However, we believe the limit should correspond to smaller companies where investors do not need the information provided by Regulation S-X.

If the Commission did not want to limit scaled disclosures to SNFs, a practical alternative would be to retain the proposed public float structure for LAF status but incorporate a revenue-based backstop for NAF eligibility which would also address our concern that larger complex companies would not be required to provide an auditor attestation report under 404(b). For example, the Commission could require that an issuer have annual revenues below the current emerging growth company revenue threshold (i.e., $1.235 billion) to qualify for the full set of NAF accommodations. If revenue exceeded this amount, the company would be a LAF regardless of the public float. Accordingly, to be a NAF, a company would need to have a public float of less than $2 billion AND revenue of less than $1.235 billion. This approach would better reserve the streamlined regime for companies that are more likely to resemble the smaller, less complex issuers for whom scaled disclosure was originally designed and for which an exemption from 404(b) would be more appropriate.

Under the proposed framework, companies such as Goodyear,[5] JetBlue,[6] Hertz Global Holdings,[7] Dole plc,[8] and Kohl's Corp[9] would qualify as NAFs based on their recent market capitalization[10] despite having very substantial revenues and a substantial degree of complexity. Beyond these Fortune 500 companies, we estimate more than 300 additional companies would have revenue in excess of $1.235 billion but have market capitalization under $2 billion and would qualify as NAFs under the Proposal but would be a LAF under this alternative (ignoring seasoning).[11] Many of these issuers are likely to have financial complexity and should be required to comply with the disclosure requirements of Regulation S-X and provide investors with the auditor's attestation report on ICFR.

A second alternative would be to shorten the proposed 60-month seasoning period before Section 404(b) applies for companies that are not emerging growth companies, rather than deferring auditor attestation for a full five years in all cases. A shorter fixed period would still preserve an initial on-ramp for newly public companies and would better align the benefit of having an attestation report with the size and complexity of the company. The Commission could also consider a trigger-based approach that accelerates auditor attestation once a registrant reaches a specified threshold of size, revenue, or complexity. Such triggers could include higher revenues, rapid acquisition-driven expansion, significant international operations, or other risk indicators suggesting that independent assurance over ICFR would be particularly valuable. A trigger-based model would better align auditor involvement with investor exposure and reporting risk, rather than relying solely on the passage of time. We recognize that some of these triggers would be difficult to measure, and notwithstanding their relative importance to investors, a revenue threshold may be the most practical and efficient to implement. We believe revenue is straightforward and the financial statement metric that would best correspond to the complexity of a company.

If the Commission nevertheless determines to retain a longer deferral period, we encourage it to consider enhanced disclosure during the deferral period to offset the reduced level of independent scrutiny. For example, issuers could be required to provide more robust discussion of the scope and rigor of management's ICFR assessment, key areas of control focus, material remediation efforts, and governance over financial reporting. We also encourage the Commission to pair any final rule changes with active post-implementation monitoring. If the Commission significantly expands the universe of companies eligible for scaled disclosures and exemptions from SOX

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[5] Goodyear Form 10K December 31, 2025 – Revenue of over $18 billion

[6] JetBlue Form 10K December 31, 2025 – Revenue of over $ 9 billion

[7] ,Hertz Global Holdings 10K December 31, 2025 – Revenue of over $8 billion

[8] Dole Form 10K December 31, 2025 – Revenue of over $9 billion

[9] Kohl's Form 10K January 31, 2026 - Revenue of over $15 billion

[10] We did not attempt to estimate the shares held by affiliates. However, the public float will be lower than the market capitalization.

[11] The number that would be NAFs would be larger based on the public float as proposed.

Section 404(b), it should routinely assess whether the resulting framework continues to provide investors with timely and decision-useful information. Post-implementation reviews could include evaluation of data and trends related to restatements, material weakness disclosures, Form 12b-25 filings, and the degree to which the use of more limited periodic reporting formats (as contemplated in the SEC's *Semiannual Reporting* proposal) may contribute to information gaps or reduced market comparability. Such monitoring would help the Commission evaluate whether the final rules are achieving the proper balance among investor protection, efficient markets, and capital formation.

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CBIZ appreciates the Commission's commitment to modernizing the reporting framework in a manner that supports capital formation and broader participation in the U.S. public markets. We support simplification where it enhances usability and reduces unnecessary burden. At the same time, we respectfully urge the Commission to refine the Proposal so that the broadest accommodations remain targeted to the smallest and least complex issuers, and independent assurance over ICFR is brought into the reporting lifecycle before investors are asked to rely for extended periods on scaled disclosures and management-only control reporting for companies of meaningful size or complexity.

We would welcome the opportunity to discuss these comments further or to engage with the Commission and its staff on approaches that preserve a strong and balanced reporting framework. If you have any questions or would like to discuss our views further, please contact Chief Quality Officer Adam Clark (Adam.Clark@cbiz.com) or National Director of Accounting Standards Melissa Henry (Melissa.Henry@cbiz.com).

Very truly yours,

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