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

July 20, 2026

Subject: Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies (File No. S7-2026-18)

Dear Secretary Countryman,

On behalf of the California Public Employees' Retirement System (CalPERS), we appreciate the opportunity to provide comments on the U.S. Securities and Exchange Commission's (SEC or Commission) proposed rule (proposal) to reform the public company reporting framework (Release No. 33-11419; 34-105515), including the proposed reductions to executive compensation disclosure and the elimination of shareholder advisory votes for non-accelerated filers.

As the largest public defined benefit pension fund in the United States, CalPERS manages approximately $600 billion in global assets on behalf of nearly 2.4 million members. We seek long-term and sustainable returns through efficient capital allocation and stewardship in line with our fiduciary duty. As a broadly diversified investor in the public markets, we depend on comprehensive disclosures and advisory votes to help fulfill our fiduciary duty, evaluate material risks, and secure long-term value for our members.

CalPERS respectfully opposes the proposed reductions to executive compensation disclosure and the exemption of non-accelerated filers from say-on-pay and related advisory votes. If adopted in its current form, we believe the Commission's proposal would result in an extensive deregulation of the U.S. capital markets with the potential to significantly undermine governance, strip shareholders of important rights, and increase the risk of fraud. Please find below an outline of CalPERS' concerns and recommendations for the proposal.

<u>Increased Risk of Fraud</u>

A concerning aspect of the proposal is the elimination of the Sarbanes-Oxley Section 404(b) internal control over financial reporting auditor attestation requirement for companies with less than $2 billion in public float. By the SEC's own admission within the proposal, the smallest issuers are disproportionately represented among companies with restatements and allegations of fraud.[1]

Reduced Transparency and Disclosure of Executive Compensation

This proposal would potentially undermine executive compensation transparency for approximately 81% of public companies by reclassifying them as Non-Accelerated Filers (NAFs). The rollback of Item 402 of Regulation S-K would be significant. Under this proposal, investors would lose the following essential corporate governance tools at NAFs:

- **The Compensation Discussion & Analysis (CD&A)**: Investors would not have important information regarding the rationale, philosophy, and objectives of compensation programs, as NAFs would no longer be required to provide a CD&A.

- **Say-on-Pay and Golden Parachute Votes**: The proposal exempts NAFs from non-binding shareholder advisory votes on executive compensation as well as shareholder advisory votes on "golden parachute" compensation arrangements during mergers and acquisitions. This strips shareholders of their primary mechanism to hold boards accountable in instances of excessive or misaligned pay.

- **Pay vs. Performance Disclosures and CEO Pay Ratio Disclosures**: These vital metrics that help ensure executive pay aligns with long-term value creation would no longer be available for over 80% of the market.

- **Risk Management and Detailed Compensation Tables**: Companies will no longer have to disclose compensation policies related to risk management. Furthermore, they will be exempt from providing crucial tables detailing grants of plan-based awards, option exercises, pension benefits, and nonqualified deferred compensation.

- **Named Executive Officer (NEO) Reductions**: The proposal permits NAFs to reduce the number of required NEO disclosures from five executives down to just three. This limits investor visibility into the compensation and alignment of key operational leaders.

Misguided Metrics

We believe the proposal's reliance on a $2 billion "public float" threshold to determine filer status is misguided. A company's public float can largely be managed or chosen by corporate executives and may not be an appropriate proxy for determining the necessity of enhanced disclosures. Instead of relying solely on public float, the Commission should consider alternative proxies for regulatory needs, such as a company's revenue or total assets.

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[1] *See, e.g., Accelerated Filer and Large Accelerated Filer Definitions*, Release No. 34-88365 (Mar. 12, 2020) [85 FR 17178, 17216 (Mar. 26, 2020)] ("Small, loss-incurring issuers are also disproportionately represented among issuers that have allegedly engaged in financial disclosure frauds, indicating that any benefits in terms of investor protection and investor confidence may be particularly important for this population of issuers").

Furthermore, the creation of a blanket five-year “on-ramp” period—where newly public companies are entirely exempt from Large Accelerated Filer status regardless of their size—is an unreasonable delay of basic investor protections. A five-year delay amounts to a lengthy rescission of provisions that are critical to protecting investors.

Conclusion

In conclusion, CalPERS respectfully urges the Commission to withdraw the proposed reductions to executive compensation disclosure and the exemption of non-accelerated filers from say-on-pay and related advisory votes. Importantly, any regulatory framework the Commission advances should recognize that investors are not merely market participants, but the essential providers of capital whose confidence and engagement support efficient capital formation and long-term value creation.

Thank you for the opportunity to share our comments. Please do not hesitate to contact Travis Antoniono, Investment Director, Sustainable Investments, at (916) 795-2238, or Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,

Marcie Frost
Chief Executive Officer