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July 17, 2026

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

Re: Proposed Rule, Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies, File Number S7-2026-18

Dear Ms. Countryman:

RSM US LLP (RSM, "we") appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC or Commission) Proposed Rule, *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies* (the proposal). RSM is the leading provider of assurance, tax and consulting services focused on the middle market, with nearly 18,000 professionals in 77 U.S. cities, six locations in Canada, one in El Salvador and four in India.

Overall Comments on the Proposal

We appreciate the opportunity to comment on the Commission's proposed amendments to enhance Emerging Growth Company (EGC) accommodations and simplify the filer status framework. We support efforts to improve clarity, reduce unnecessary complexity and promote efficient capital formation while maintaining high-quality financial reporting that meets the informational needs of investors.

Overall, we view the proposal as a meaningful endeavor to simplify aspects of the existing framework and provide additional flexibility to issuers. In particular, the consolidation of filer categories and the extension of certain accommodations may reduce administrative burdens and improve consistency in application. At the same time, we believe it is important to consider whether certain elements of the proposal may introduce an unintended reduction in the comparability and reliability of financial information available to investors.

Several aspects of the proposal highlight inherent tradeoffs between regulatory relief and investor protection. In our view, internal control over financial reporting (ICFR) continues to play a critical role in supporting reliable financial reporting, particularly in increasingly complex and technology-driven environments. As such, we believe the economic analysis related to proposed changes in ICFR auditor attestation requirements should carefully consider how financial statement audit procedures are performed in practice and the extent to which audits will continue to either rely on the testing of controls despite the elimination of the ICFR attestation requirement or necessitate additional substantive procedures. We also believe the economic analysis should consider the differences in ICFR attestation, testing of controls or additional substantive testing's effect on investor protection as well as the investor's perceived ability to rely on audited financial statements without ICFR attestation. Additionally, we note that certain provisions, such as those related to the deferral of accounting standards and the treatment of statutory accommodations, may have broader implications beyond the immediate scope of the proposal, including potential effects on comparability across issuers.

Our comments focus on areas where we believe additional clarity, balance or consideration of practical implications would further support the Commission's objectives. In particular, we highlight the continued importance of ICFR and third-party audit testing of ICFR, the potential for unintended consequences arising from expanded accommodations, and the need for consistency to promote transparency and investor understanding.

We provide further detail on these areas, as well as other comments, in our responses to the specific questions set out below.

Comments on Specific Questions Posed by the Commission

15. Should we codify in our rules the current process for non-public staff review of draft registration statements submitted by non-EGC issuers? If the current process is codified, what should be the approach included in the new rule? Would codifying the current review process unnecessarily "lock in" the current practice or would doing so provide regulatory certainty and clarity on the availability of non-public staff review?

We support the non-public staff review of draft registration statements submitted by non-EGC issuers and support the Commission's intent to provide regulatory certainty. However, we believe the current non-public staff review process for draft registration statements is generally understood and functions effectively and that codifying the process may limit flexibility or inadvertently constrain the SEC staff's ability to make future improvements to the process. To the extent the Commission proceeds with codification, we recommend that any rule be principles-based to preserve the benefits of the confidential review process while avoiding unnecessary complexity or prescriptive processes. The maintenance of the staff's review of non-public draft registration statements supports the Commission's continued focus on a regulatory environment that maximizes the ability of an issuer to provide complete and accurate decision-useful information to investors the first time such information is made publicly available.

20. Would the proposal not to subject NAFs to the ICFR auditor attestation requirement result in cost savings for NAFs, even though management would continue to be required to provide their own assessment of the effectiveness of ICFR and the registered public accounting firm would continue to be required to consider and, in some instances, test internal controls in its audit of the NAF's financial statements? Would there be other impacts to the nature, timing, or extent of the auditor's testing and procedures that might offset any potential cost savings from not requiring ICFR auditor attestation? Please quantify, even if such estimates are provided as ranges or with caveats.

We do not believe that removing Section 404(b) ICFR auditor attestation requirements would result in a directly proportionate cost savings for non-accelerated filers (NAFs). Due to the complexity of financial reporting systems and reliance on information technology, auditors often need to test controls due to substantive tests alone being inadequate to support the risk of material misstatement (AS 2301.17). As a result, while some efficiencies may be realized, a significant portion of the audit effort would remain. Further, in the absence of control reliance, auditors would be required to increase substantive testing to maintain the adequate level of assurance over financial balances or continue to test controls even when a Section 404(b) opinion is no longer required. Additionally, we encourage the Commission to conduct outreach to better understand the extent to which firms that historically have provided ICFR attestation services may elect to exit this market if the population of issuers requiring such services becomes too limited to support the infrastructure, quality control systems and specialized expertise necessary to sustain those engagements. The reduction in issuers requiring an ICFR opinion may cause an unintended consequence in the form of a concentration of attestation service providers and therefore, a reduction in the talent pool of individuals qualified to support ICFR from both the attest and issuer perspectives due to the lack of experience opportunities.

The continually accelerating pace of innovation in financial markets and reporting systems underscores the importance of effective internal control evaluation and amplifies the complexity experienced by all issuers. In these environments, understanding and testing controls is often integral to obtaining sufficient audit evidence. As a result, reducing the emphasis on ICFR attestation in the current environment of expanded technological reliance could cause a reduction in the timely identification and communication of control deficiencies causing an environment of increased risk.

> 22. Would the proposal not to subject NAFs to the ICFR auditor attestation requirement affect the reliability of financial statements? Would it affect the ability of investors to make informed investment and voting decisions based on the financial reporting of those issuers? Would investors factor the lack of attestation in their investment and voting decisions, pricing of securities, and/or in their consideration of a registrant's financial reporting? Would it result in any adverse consequences to NAFs in the capital markets or otherwise (such as the increased risk of restatement) due to not obtaining an auditor attestation of ICFR?

The absence of auditor attestation on ICFR may affect the reliability of financial reporting for two primary reasons. While management is responsible for evaluating ICFR, the external auditor's independent and objective third party assessment provides enhanced investor protection and investor confidence in the accuracy of financial information to keep markets running efficiently with reliable information.[1] Effective ICFR is often taken for granted in the capital markets due to the effectiveness of the current system. While we support the inflation adjustment of thresholds for ICFR auditor attestation, we believe the capital markets are best served with testing of ICFR by other than management to ensure that the control environment keeps pace with technological and economic changes.

> 29. As discussed above, we propose that newly public NAFs be able, in their first five years as public companies, to elect to defer compliance with new or revised financial accounting standards issued by the FASB that apply to all entities until such time as a company that is not an issuer is required to comply with such standards. This proposal would not affect the scenario where a new financial accounting standard issued by the FASB applies only to issuers (i.e., it is not required to be adopted by private companies). In that case, newly public NAFs would be required to follow the adoption timeline in the FASB accounting standard, just as EGCs are required to do currently. Should we extend this deferral beyond five years for all newly public NAFs? Is the transition mechanism in the proposed rule amendments clear on how and when an NAF would be required to comply with all financial accounting standards applicable to issuers after the end of the five-year period? Should we additionally allow newly public NAFs, in their first five years as public companies, a one-year deferral option for adoption

[1] 4.02 restatements (previously issued financial statements should not be relied upon) have year-over-year decreases consistently during the past two decades. (The CAQ's Financial Restatement Trends in the United States: 2013 – 2022 indicates that after an increase in the first three years post-Sarbanes-Oxley, restatements have generally decreased with a substantial decline of 60% occurring from 2006 to 2009.)
Audit Analytics' 2026 Financial Restatements Report finds that restatements decreased to one of their lowest levels in two decades in 2025, second only to 2020.
Study of the Sarbanes-Oxley Act of 2002 Section 404 Internal Control over Financial Reporting Requirements, SEC Office of Economic Analysis, September 2009.

> of new financial accounting standards issued by the FASB that apply only to issuers? Alternatively, should we permit all NAFs to defer compliance until such time as a company that is not an issuer is required to comply with such standards?

While permitting newly public NAFs to defer the adoption of new or revised accounting standards may provide meaningful transitional relief, we believe such deferrals could create unintended reductions in comparability among larger public issuers. The accommodations established under the Jumpstart Our Business Startups (JOBS) Act through the EGC framework were intended to facilitate access to the public markets for smaller issuers while they developed the infrastructure necessary to meet public company reporting and compliance obligations.

In light of the proposal to permit a five-year seasoning period before an issuer becomes subject to Large Accelerated Filer (LAF) status, without incorporating size-based disqualifying criteria, we question whether the proposed relief extends accommodations originally intended for smaller companies to significantly larger public entities. This is unlike the EGC framework, which includes provisions that terminate eligibility as an issuer grows in size and market significance.

Furthermore, not all initial public offerings involve small or early-stage companies. Certain issuers entering the public markets today raise capital at levels that could otherwise qualify them as LAFs upon their first measurement date. Accordingly, we believe the proposal should incorporate disqualifying thresholds similar to those applicable to EGCs to require compliance with LAF requirements once an issuer reaches a specified disqualifying criteria.

> 41. Would the proposed regulatory relief reduce direct compliance costs for registrants? What would be the largest driver(s) of the reduction in compliance costs under the proposal? For example, would the proposed amendments result in a reduction of auditing costs and if so, what would the amount of cost savings be? Would the proposed regulatory relief reduce indirect costs of reporting obligations for registrants? What specific costs? What would be the effects of the proposed regulatory relief on efficiency, competition, capital formation, and investor protection? Would the affected registrants redeploy the funds freed up from compliance costs in their businesses?

While the proposed amendments may reduce certain direct compliance costs for registrants, we believe that the overall reduction is likely to be limited. As discussed in our response to Questions 20 and 22, auditors will continue to need to perform control-related procedures in many engagements due to the complexity of financial reporting environments and the reliance on information technology systems. Accordingly, the elimination of the attestation requirement does not remove the underlying need to test internal controls to be able to provide assurance over the financial statements. ICFR remains fundamental to reliable financial reporting, particularly in increasingly complex and technology-driven environments.

> 43. What would be the effects of the proposed amendments to filer status definitions on investors, market participants and other parties, including the auditing industry and the capital markets? What would be the costs to investors of the reduction in information disclosed under the proposal and in assurance with regard to ICFR of registrants that avail themselves of the proposed exemption from the auditor attestation requirement?

Please see our response to Question 41.

> 45. Does the increasing complexity in financial reporting, due in part to the increasing volume of electronic data and greater reliance on IT systems, enhance the relevance of ICFR to reliable financial reporting? If so, does this trend have any impact on the costs and benefits from the proposed exclusion of NAFs from the ICFR auditor attestation requirement?

Please see our response to Question 41.

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We appreciate this opportunity to provide feedback on the Request for Comment and would be pleased to respond to any questions the SEC or its staff may have about our comments. Please direct any questions to Rich Davisson, Partner, National Professional Standards Group, at 574.296.3747, or Adam Hallemeyer, Chief Auditor, at 619.641.7318.

Sincerely,

RSM US LLP

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