

SEC Proposes Significant Changes to Filer Status Framework and Executive Compensation Disclosure

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As previously reported in Proskauer's client alert (available [here](#)), on May 19, 2026, the Securities and Exchange Commission (SEC) [proposed](#) significant amendments to its public company reporting framework to simplify the existing filer status regime and substantially expand eligibility for scaled disclosure accommodations. Consistent with SEC Chairman Paul Atkins' [plan](#) to "Make IPOs Great Again," the proposal is part of a broader effort to reduce compliance burdens and costs in order to encourage companies to enter and remain in the public markets.

This is particularly relevant for executive compensation. If adopted, the amendments would significantly reduce the executive compensation disclosure burden for a large number of public companies.

Overview of the Proposed Filer Status Framework

The SEC's proposal would revamp the current multi-layered, overlapping system, consisting of large-accelerated filers (LAFs), accelerated filers, non-accelerated filers (NAFs), smaller reporting companies (SRCs), and emerging growth companies (EGCs), with a simplified two-tier framework consisting of:

- LAFs, which would continue to be subject to full (non-reduced) disclosure requirements; and
- NAFs, which would be subject to reduced disclosure requirements. In addition, the smallest NAFs (SNFs), reporting total assets of \$35 million or less as of the end of the SNF's two most recent second fiscal quarters, would be a sub-category of NAFs and eligible for extended filing deadlines.

To implement this structure, the SEC proposes several key changes. Most notably, the proposal would:

- Eliminate the accelerated filer and SRC categories entirely;

- Raise the public float threshold for LAF status from \$700 million to \$2 billion; and
- Extend SRC and EGC reduced disclosure requirements, including those related to executive compensation, to all NAFs.

According to the SEC, approximately 81 percent of reporting companies would qualify as NAFs, although those companies represent only 6.5 percent of the total market public float. Companies representing approximately 93.5 percent of the total market public float would remain subject to the LAF full disclosure requirements. Based on the proposed increase in the public float threshold, we expect virtually all S&P 500 companies to be considered LAFs, with the primary beneficiaries of the revised threshold being small to mid-capitalization registrants.

Refinement of Large Accelerated Filer Status

The proposal would significantly narrow the population of companies subject to full disclosure requirements by increasing the LAF threshold from \$700 million to \$2 billion in public float. In addition, the SEC proposes to introduce features designed to reduce volatility and create a more predictable transition between filer categories, including:

- A two-year public float stability period, under which a company's status as LAF or NAF would not change unless the company exceeds (or falls below) the applicable threshold for two consecutive years; and
- An automatic five-year seasoning period, where newly public companies would remain NAFs for at least five years regardless of public float.

These changes would reduce the number of companies subject to LAF requirements by providing an extended "on-ramp" to full disclosure requirements. Companies and investors would additionally have at least one year of advance visibility of a potential status change, allowing for effective planning and preparation.

Expansion of Non-Accelerated Filer Status

Under the proposal, any company that does not meet the LAF threshold would be classified as a NAF. If a company is an NAF, the reduced disclosure requirements currently available only to SRCs and EGCs will apply to all NAFs. As a result, reduced disclosure, including executive compensation disclosure, would become the baseline for most issuers.

Executive Compensation Disclosure: Key Changes

The most significant implications for executive compensation arise from the expansion of the reduced disclosure requirements for all NAFs. This would substantially limit both the scope and detail of compensation disclosure for a large percentage of public companies.

Reduced Executive Compensation Disclosure Requirements

NAFs would be permitted to provide streamlined executive compensation disclosure, including:

- Disclosure for three named executive officers, rather than five;
- Two years of summary compensation table data, rather than three;
- No compensation discussion & analysis;
- No disclosure of compensation committee interlocks and insider participation; and
- No compensation committee report.

These changes would significantly simplify annual proxy disclosures for eligible issuers.

Elimination of Certain Compensation Tables and Detail

NAFs would not be required to provide most of the detailed compensation tables currently required for LAFs, including:

- Grants of plan-based awards;
- Option exercises and stock vested;
- Pension benefits; and
- Nonqualified deferred compensation.

NAFs would also not be required to prepare disclosures quantifying potential payments upon termination or a change in control (although narrative disclosure remains required).

Removal of Dodd-Frank-Related Compensation Disclosures and Shareholder Advisory Votes

The proposal would also exempt NAFs from executive compensation disclosure requirements adopted in connection with the Dodd-Frank Wall Street Reform & Consumer Protection Act, including:

- CEO pay ratio disclosure; and
- Pay versus performance disclosure.

Additionally, compensation policies and practices related to risk management would not be required for NAFs, further narrowing the scope of compensation-related SEC regulations. The proposal would also exempt NAFs from shareholder advisory votes on executive compensation, including votes regarding:

- Say-on-pay (SOP);
- Frequency of say-on-pay (say on frequency); and
- Say-on-golden-parachute (SOGP).

This represents a significant departure from current governance practices for many companies that would transition into NAF status.

Implications for Public Companies

If adopted, the proposal would have meaningful implications for both disclosure practices and governance considerations.

From a disclosure perspective, companies that newly qualify as NAFs would have the opportunity to reduce the scope and complexity of their executive compensation disclosures. This is expected to result in lower compliance costs and create administrative ease, particularly for mid-sized public companies.

At the same time, companies will need to weigh these benefits against potential investor expectations. Although it may be too early to predict future practices, as suggested by the SEC, certain registrants may elect to continue providing more robust LAF-style disclosures on a voluntary basis, particularly where investor relations or governance considerations warrant. In making and reviewing investment decisions, institutional shareholders may recommend that certain registrants continue complying with LAF-style disclosure, even if not required under the proposed new rules.

Finally, the elimination of say on pay and other advisory votes for NAFs may prompt increased focus on alternative forms of shareholder engagement, as investors adjust to reduced proxy voting mechanisms.

Key Takeaway

Rather than rewrite the substantive requirements of the current executive compensation disclosure regime, the proposed rules instead take the approach of modifying exactly which issuers will be subject to each required set of disclosures, derived from the issuer's filing status under the new, streamlined framework. For the largest issuers, the proposed rules likely will not result in many (if any) changes to current disclosure practice and governance procedures. As noted above, for others, the proposed rules may significantly reduce time and expense spent on compensation disclosure compliance. Issuers should begin considering what their new filing status would be under the proposed framework (and identifying any questions they may have about any potential changes in their status).

Next Steps

The proposal is subject to a public comment period until July 20, 2026. The SEC has requested comment from the public on a number of questions, including whether public float is a good indicator of the need for more robust disclosures, whether the \$2 billion LAF threshold is appropriate, whether a five-year seasoning period is appropriate, and whether the two-year stability period is appropriate.

Following the closing of the comment period, the SEC may revise the proposal before adopting final rules. While the timing and ultimate scope of any final rulemaking remain uncertain, companies may wish to begin evaluating how the proposed changes could impact their reporting and governance practices. For calendar year filers, it is possible that new rules may be in effect in time for the 2027 proxy season. The SEC has also indicated that additional rulemaking in connection with Regulation S-K may still be forthcoming.

Proskauer's Compensation & Benefits team is advising registrants on potential updates to their public disclosures. Please contact a member of our team with questions.

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