

Fewer Categories, Fewer Headaches: The SEC's Proposal to Simplify Filer Status and Streamline the Reporting Framework for Public Companies

June 3, 2026

On May 19, 2026, the Securities and Exchange Commission (the "SEC") proposed significant amendments to simplify the reporting framework applicable to public companies, with a focus on reducing regulatory burdens for small and mid-sized companies. Over the past two decades, the regulatory landscape for public companies has become increasingly layered, with multiple overlapping filer categories—large accelerated filers (LAFs), accelerated filers (AFs), non-accelerated filers (NAFs), smaller reporting companies (SRCs), and emerging growth companies (EGCs)—each with distinct requirements and accommodations. According to the SEC, this complex framework creates confusion, contributes to higher compliance costs, and deters companies from going or staying public.

The proposal forms part of Chairman Atkins's broader capital-formation agenda and was released alongside a companion "registered offering reform" proposal that would significantly expand the number of companies eligible to use Form S-3 and allowed to rely on enhanced registration and communication benefits currently only available to well-known seasoned issuers, or WKSIs (see our client alert "Shelf Help: SEC Proposes Broad Registered Offering Reform to Facilitate Capital Formation in the Public Markets"). The proposed amendments address concerns in the existing disclosure and capital formation frameworks and aim to revitalize U.S. public markets, making them more accessible and attractive for many companies.

At a Glance

- Five filer categories collapse into two—large accelerated filers and non-accelerated filers—plus a new "small non-accelerated filer" sub-category.
- The large accelerated filer public float threshold rises from \$700 million to \$2 billion (for two consecutive years), plus a 60-month seasoning requirement.
- An estimated 81% of public companies would be non-accelerated filers—gaining scaled disclosures and relief from the Section 404(b) ICFR auditor attestation.
- Comments are due July 27, 2026.

Figure 1. From Five Filer Categories to Two

Current Category	What Happens Under the Proposal
Large accelerated filer (LAF)	Retained, but redefined: public float of \$2 billion or more (up from \$700 million) for two consecutive years plus at least 60 months of reporting history. About 19% of companies would qualify, versus roughly 35% today.
Accelerated filer (AF)	Eliminated. These companies become NAFs, eligible for scaled disclosures and—significantly—relief from the Section 404(b) ICFR auditor attestation. NAFs also gain 15 days for filing Form 10-K (90 vs. 75) and 5 days for Form 10-Q (45 vs. 40).
Non-accelerated filer (NAF)	Retained and expanded—now the default category for every company that is not an LAF, and formally defined for the first time. An estimated 81% of companies would qualify.
Smaller reporting company (SRC)	Eliminated as a separate status; its scaled-disclosure accommodations are extended to all NAFs.
Emerging growth company (EGC)	Retained (established by the JOBS Act and cannot be removed by rule) but largely redundant since most EGC accommodations would be available to all NAFs. A few EGC-only benefits remain—for example, FOIA protection for confidentially submitted draft registration statements and certain PCAOB standard exemptions.
Small non-accelerated filer (new) (SNF)	New sub-category of NAFs with total assets of \$35 million or less (tested at the end of the second fiscal quarter for two consecutive years). Same disclosures as other NAFs, but 30 extra days for filing Form 10-K (120 vs. 90) and 5 extra days for Form 10-Q (50 vs. 45).

Key Features of the Proposal

Simplification of Filer Status. The amendments would consolidate the current overlapping filer categories into three primary groups: large accelerated filers (LAFs), non-accelerated filers (NAFs) and small non-accelerated filers (SNFs) and establish one threshold for entering or exiting filer status. The categories of accelerated filer (AF) and smaller reporting company (SRC) would be eliminated.

- Large Accelerated Filers (LAFs): The public float threshold for LAF status would be raised from \$700 million to \$2 billion, calculated based on the average stock price over the last 10 trading days of the second fiscal quarter. A company would need to meet this threshold for two consecutive years to enter or exit LAF status and would need at least 60 consecutive months of reporting before becoming a LAF.

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- **Non-Accelerated Filers (NAFs):** All companies not meeting the LAF criteria would be classified as NAFs. As proposed, every new registrant would be a NAF for at least five years as a result of the 60 consecutive months for LAF status. NAFs would benefit from the same scaled disclosure accommodations currently available to SRCs and EGCs, regardless of their prior status.
- A new subcategory, “small non-accelerated filers” (SNFs), would be created for NAFs with total assets of \$35 million or less as of the end of each of their two most recent second fiscal quarters. SNFs would benefit from extended filing deadlines for periodic reports—120 days after fiscal year end (an additional 30 days) for annual reports (Form 10-K) and 50 days after fiscal quarter end (an additional five days) for quarterly reports (Form 10-Q).

Extension of Scaled Disclosure Accommodations for NAFs. All NAFs would be eligible for scaled disclosure requirements previously only available to SRCs and/or EGCs, including:

- No requirement for auditor attestation of internal control over financial reporting (ICFR) under Section 404(b) of the Sarbanes-Oxley Act.
- Scaled executive compensation disclosure (e.g., fewer years of data, fewer compensation tables, fewer named executive officers, and no compensation discussion and analysis, CEO pay ratio or pay-versus-performance disclosure).
- Exemption from say-on-pay, say-when-on-pay and golden parachute shareholder advisory votes.
- Fewer years of financial statements and the ability to postpone compliance with new or revised financial accounting standards until the standards apply to private companies.
- Omission of certain non-financial disclosures, such as risk factors in periodic reports, performance graph, and some related party transaction disclosures and a more limited description of business.

Transition and Other Technical Changes

The proposal includes a transition mechanism, so companies would only change filer status after meeting the relevant thresholds for two consecutive years, providing predictability and stability.

The SEC also proposes to update the definition of “small entity” for regulatory purposes, raising the asset threshold from \$5 million to \$35 million to align with the SNF category.

Figure 2. Side-by-Side: The Three Filer Statuses

Requirement	LAF	NAF	SNF
Public float ¹	≥ \$2 billion	< \$2 billion	< \$2 billion
Reporting-history seasoning	≥ 60 months	None	None
Total assets	—	—	≤ \$35 million
Form 10-K deadline	60 days	90 days	120 days
Form 10-Q deadline	40 days	45 days	50 days
Audited financial statements	3 years	2 years	2 years
ICFR auditor attestation (SOX 404(b))	Required	Not required	Not required
Say-on-pay / say-on-frequency votes	Required	Not required	Not required
Scaled business & exec-comp disclosure	Not available	Available	Available
Defer new accounting standards (first 5 yrs)	Not available	Available	Available

¹ Public float would be defined as the average closing price over the last 10 trading days of the second fiscal quarter, multiplied by the number of non-affiliate shares; the \$2 billion threshold must be met (or missed) for two consecutive fiscal years to enter or exit LAF status.

What Is Not Being Scaled Back

The proposal is not all relief. A few obligations are preserved or even expanded, so companies should not assume that a change in filer status simply reduces disclosure requirements.

- **Material unresolved staff comments—a new requirement for NAFs.** All NAFs would now be required to disclose in Form 10-K (or Form 20-F) the substance of any material unresolved SEC staff comments received at least 180 days before fiscal year-end—an obligation that today applies only to LAFs, AFs and WKSIs. The SEC tied this requirement to a companion proposal that would let far more issuers conduct shelf offerings.
- **A single related-person transaction threshold.** The stricter SRC test in Item 404(d) of Regulation S-K would be eliminated, so all domestic reporting companies would use the same \$120,000 disclosure threshold under Item 404(a) of Regulation S-K.
- **Core Sarbanes-Oxley Act controls and certifications remain.** NAFs would still owe management’s annual ICFR assessment (Section 404(a)), the CEO/CFO certifications (Sections 302 and 906), and a financial statement audit in which the auditor considers ICFR as part of its risk assessment. Only the separate Section 404(b) auditor attestation would be eliminated.

Rationale and Policy Considerations

The SEC's stated goals for the proposed change are to reduce the regulatory burden and compliance costs associated with being a public company, particularly a small or mid-sized public company, and potentially encourage more companies to go or remain public. The release positions the proposal within the SEC's broader policy effort to revitalize U.S. public markets, including the recently released proposed rule to move from quarterly reporting to semiannual reporting. The release notes that recent Small Business Forums held by the SEC and other roundtables discussed specific issues faced by public companies that are meant to be addressed by the proposed amendments, including producing three years of audited financial statements, producing reports on a quarterly basis, the volume of disclosure requirements, the complexity of the filer status framework and the related costs of compliance, including for the ICFR auditor attestation requirement under Section 404(b) of the Sarbanes-Oxley Act.

The SEC emphasizes that robust public capital markets, with more companies choosing to become public companies through initial public offerings or other paths, benefit issuers and investors alike: issuers gain access to a broader investor base, transparent valuations and a vehicle to raise growth capital, while investors gain opportunities to participate in those issuers' future growth, and early-stage investors gain liquidity. The release also reminds practitioners that the SEC has previously taken steps to lower barriers to entry into the public markets by adopting simplified registration rules and processes for issuers while carefully balancing investors' needs for timely and appropriate disclosure.

Implications for Reporting Companies

- **Substantial Reduction in Compliance Burden:** Newly public companies, and reporting companies currently classified as AFs or SRCs, or LAFs with a public float of less than \$2 billion, would be reclassified as NAFs and benefit from, among other things, elimination of the costly auditor attestation requirement for ICFR and reduced disclosure obligations, particularly in executive compensation and financial statement requirements. In addition, SNFs would benefit from extended filing deadlines for Form 10-K and Form 10-Q, providing additional time to prepare periodic reports. The SEC estimates that the proposal would generate aggregate annual monetized benefits of approximately \$1.9 billion for affected registrants.
- **Increased Predictability and Simplicity:** The SEC believes that consolidating filer categories and harmonizing thresholds will create a simpler and more predictable compliance environment. Additionally, the two-year lookback for status changes and the 60-month seasoning period for LAFs will allow companies to plan for transitions and avoid abrupt changes in compliance obligations due to short-term fluctuations in public float.
- **Enhanced Incentives to Go and Stay Public:** The SEC aims to make public company status more attractive, especially for small and mid-sized companies, by reducing regulatory burdens and aligning disclosure obligations with company size and market impact. The proposal is intended to encourage more companies to access public capital markets and remain public, increasing investment opportunities and market transparency.

- **Investor Protection Considerations:** While the proposal would reduce disclosure obligations for a significant portion of public companies, the SEC estimates that LAFs will still account for 93.5% of total public market float and approximately 19% of public companies (down from roughly 35% today). Scaled disclosures for NAFs are designed to ensure material information remains available to investors, while reducing less critical or disproportionately costly requirements.
- **Treatment of Foreign Private Issuers (FPIs):** The proposed amendments do not impact FPIs that elect to report on Form 20-F and Form 40-F or the method for determining an FPI's public float for purposes of Form 20-F.

What Companies Should Do Now

- **Model filer status under the new tests.** Run the three new criteria: average public float over the last 10 trading days of the second fiscal quarter (for the two most recent years), months of Securities Exchange Act of 1934, as amended, reporting against the 60-month seasoning period, and—for the smallest issuers—total assets at the end of your last two second fiscal quarters.
- **Map the transition.** If final rules take effect in 2027, existing companies would likely assess status as of the most recent fiscal year-end. A current LAF could become a NAF and begin using scaled disclosures in, and longer deadlines for, its next SEC filing after the assessment—so the benefits may arrive quickly.
- **Decide what to keep as voluntary disclosure.** The proposed accommodations are optional. Weigh investor, analyst, rating-agency and proxy-advisor expectations before dropping the ICFR auditor attestation, risk-factor disclosure (often retained for its litigation-defense value), the third year of financial statements or a say-on-pay vote. A company likely to re-qualify as a LAF may prefer continuity.
- **Watch the proxy-advisor angle.** Without a say-on-pay proposal on the ballot, proxy advisors such as ISS may redirect any adverse compensation recommendation to compensation committee members. Factor this into a decision to drop the vote.
- **Plan SNF calendars carefully.** The longer deadlines can push the Form 10-K, proxy statement and first-quarter Form 10-Q close together. Some SNFs may still file early—or elect semiannual reporting, if the relevant companion proposal is adopted—to avoid overlapping workstreams. (See our client alert “[Half-Time Reports: The SEC's Proposed Play to Allow Semiannual Reporting for Public Companies.](#)”)
- **IPO pipeline and newly public companies.** Build the minimum five-year on-ramp into go-public planning and budgets—no company would face Section 404(b) ICFR attestation in its first five years regardless of size—and coordinate with the SEC's companion registered offering reform (expanded Form S-3 and shelf eligibility) released the same day.

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- **Consider commenting by July 27, 2026.** The SEC has specifically invited views on the \$2 billion threshold, the 60-month seasoning period, transition mechanics, and whether to add further SNF accommodations. Companies may comment directly or through trade associations.

Looking Ahead

The SEC’s proposed overhaul represents a fundamental shift in the public company reporting landscape, with the potential to significantly reduce compliance costs and complexity for a large number of public companies. Companies should carefully review the proposed changes, assess their likely future filer status, and consider the operational and strategic implications of the new framework.

The SEC is soliciting public comment on all aspects of the proposal, including the appropriateness of the new thresholds, the sufficiency of scaled disclosures, and the impact on small entities. Companies with strong views should consider submitting comments. The public comment period will remain open until July 27, 2026. If adopted, the new rules would require companies to reassess their filer status based on the new thresholds and definitions.

If you have any questions regarding this client alert, please contact the Willkie attorney with whom you regularly work.



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