

Investor Perspectives on SEC Disclosure Reform



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KEY TAKEAWAYS

- ◆ **Broad opposition to disclosure reductions.** Across our survey of institutional investors, 81% opposed the reductions in disclosures proposed or contemplated.
- ◆ **No size threshold for more limited disclosures.** While the SEC proposal reduces disclosure for companies with public float below \$2 billion, 79% of investors indicated that reduced disclosure is not appropriate for a company of any size.
- ◆ **Strong support for tabular disclosure.** Investors strongly oppose the elimination of quantitative tables from disclosure requirements.
- ◆ **Narrative disclosure remains relevant.** Over two-thirds of investors surveyed support retention of the Compensation Discussion & Analysis (CD&A).
- ◆ **Current disclosure length and complexity are not viewed as a significant concern by many investors.** Investors have learned to extract the information they need and oppose changes that would eliminate information important to their voting decisions.

SEC Proposal and Possible Future Changes

Earlier in 2026, the SEC proposed sweeping changes to simplify public company financial disclosure requirements, including significant reductions in executive compensation disclosure obligations for most registrants. A main rationale for the Commission's actions is to lower compliance costs and to simplify reporting requirements to encourage more companies to go public and remain public. While these changes focused on a category of filers ("Non-Accelerated Filers") with public float below \$2 billion and no changes were proposed for companies above that level, SEC Chairman Atkins indicated that this proposal is "among the first steps toward transforming the SEC's regulatory framework."¹ The promised additional changes affecting Large Accelerated Filers (LAFs) were submitted by the SEC to the Office of Information and Regulatory Affairs (OIRA) on August 26, 2026, where they remain "pending" as of the date of this Viewpoint. Commentators have speculated that the SEC proposal affecting LAFs will include simplification of the pay-versus-performance and CEO pay ratio disclosures and revisions to the perquisite disclosure rules, among others.

Survey of Institutional Investors

With the SEC proposal in mind, Pay Governance and Governance Intelligence, a leading platform for governance research, conducted a survey of institutional investors this past summer. Eighty-three investors with total assets under management of \$47 trillion participated in the survey and reflect a mix of investors based in North America, Europe, and Asia. In general, these investors indicated broad support for the current level of executive compensation disclosure and disagreed with size thresholds allowing for more limited disclosure.

Exhibit: Key Survey Findings

Potential SEC Future Changes	Finding
1. Eliminate the requirement for Say-on-Pay and significantly reduce executive compensation disclosures for all U.S. issuers with less than \$2B in public float	Broad opposition to reduced disclosure requirements and widespread support for maintaining Say-on-Pay 81% of investors oppose SEC proposal - Opposition consistent across AUM and region in which the investor is based
2. Appropriate public float threshold to qualify for reduced executive compensation disclosure included in the proxy	Broad opposition to the premise that company size alone should allow for reduced disclosure 79% say reduced disclosure is inappropriate for companies of any size 21% accept \$700 million or less as a threshold (the current rule for emerging growth companies)
3. Removal of CD&A	Broad support for maintaining narrative disclosure 69% oppose eliminating the CD&A
4. Reduction in years of pay and number of named executive officers (NEOs) in Summary Compensation Table (SCT)	Broad support for maintaining depth and coverage of SCT 79% oppose reducing the number of years of pay shown in the SCT 73% oppose reducing the number of NEOs for which pay is disclosed
5. Removal of tabular disclosures: Grants of Plan Based Awards, Option Exercises and Stock Vested, and Termination Payments	Near unanimous support for tabular disclosure Between 88% - 92% oppose removing the 3 tables
6. Removal of CEO Pay Ratio	Broad support for continued inclusion although this disclosure received the least amount of support of the proposed individual disclosure elements among investors 73% oppose removing CEO Pay Ratio
7. Removal of Risk Review	Broad support for continued inclusion 75% oppose removing Risk Review
8. Removal of Pay Versus Performance (PVP)	High support for continued inclusion 90% oppose removing the PVP table

Implications for Compensation Committees

- ◆ **Investor preferences should remain the primary guidepost.** Even if SEC requirements are reduced, Committees should evaluate disclosure through the lens of shareholder expectations, which continue to favor robust executive compensation transparency.
- ◆ **Reduced statutory requirements do not imply reduced disclosure.** Committees may choose to provide supplementary tables/disclosures that investors find useful, particularly where those disclosures have the potential to support say-on-pay outcomes. Supplemental disclosures often provide a more nuanced and accurate view of a company's alignment of pay with performance and linkage of performance measures and goals with company strategy. It will be important to see if the SEC specifically allows companies to selectively add certain elements of the existing disclosure requirements without triggering compliance with the full disclosure regime.
- ◆ **Maintain key quantitative disclosures.** Given strong investor support for the CD&A and all tabular disclosure items flagged for potential removal, companies should carefully consider providing key qualitative and quantitative information contained in the CD&A and supplemental tables in a dashboard that follows the Summary Compensation Table, even if the information is no longer mandated.
- ◆ **Use shareholder engagement to inform disclosure decisions.** Investor outreach can help Committees understand which disclosures are viewed as decision-critical and where simplification may be appropriate.
- ◆ **Preserve governance credibility.** Voluntary transparency may become increasingly important as investors and proxy advisors continue to expect detailed disclosure regardless of legal minimums.

Ultimately, Committees should weigh the administrative burden of maintaining certain disclosures against investor expectations for transparency, including the potential need for expanded outreach and the risk of shareholder proposals seeking additional disclosure. While the proposed SEC rules may lessen disclosure requirements, investor preferences continue to favor meaningful narrative and quantitative disclosure.