July 14, 2026

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

Email: rule-comment@sec.gov

RE: File Number S7-2026-18

We appreciate the opportunity to provide feedback on the proposed rule *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies* (the Proposed Rule), which is intended to streamline filer statuses for public reporting companies. In addition, the proposed amendments raise the threshold and seasoning requirements for large accelerated filer status and extend certain existing accommodations and scaled disclosures to all non-accelerated filers, while continuing to require compliance with non-scaled disclosure for large accelerated filers.

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The committee has been authorized by the Texas Society of CPAs' Leadership Council to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Leadership Council or Board of Directors and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs.

The PSC understands and is supportive of the SEC's efforts to simplify filer status classification and reporting as filer status categories have become overly complex and overlapping over time. As a result, the PSC is supportive of the Proposed Rule overall.

The PSC has the following comments and recommendations on specific aspects of the Proposed Rule:

- The PSC supports the filer status classification into two primary categories: large accelerated filers (LAFs) and non-accelerated filers (NAFs). In addition, the PSC supports the small non-accelerated filer subset, although it does not consider it necessary as it is inconsistent with the objectives of the Proposed Rule to simplify filer status for reporting companies and would provide limited benefits to public companies.
- The PSC agrees with increasing the public float threshold for LAFs to >$2 billion. Additionally, the PSC believes that the public float threshold should be reviewed and indexed periodically, with adjustments made at least every five years.
- The PSC does not agree with the 60-month seasoning period as it considers this timeframe excessive and unnecessarily delays important investor protections. The PSC believes LAFs must be in a position to have a well-designed and effectively operating system of internal controls over financial reporting in a much shorter period of time. The PSC recommends a 24-month seasoning period for LAF status.

One of the most significant consequences of the Proposed Rule would be its impact on the requirement for an annual audit of a registrant's system of internal controls over financial reporting by the company's independent auditor (SOX 404(b)). Most registrants would be exempt from the external ICFR audit requirement under SOX 404(b) and the proposal significantly expands the number of companies currently not subject to auditor attestation by approximately 27%, according to the

Proposed Rule. The PSC is concerned about the continuing dilution of one of the foundational features of the Sarbanes-Oxley Act that has contributed to increased financial reporting quality since its enactment. However, the PSC can support the proposed expanded exemptions because it believes the proposal appropriately balances investor protection with the objective of reducing regulatory burdens for smaller registrants. Specifically, the PSC's support is based on the following considerations:

a. **Limited Incremental Benefit to Investors:** The PSC believes that investors generally place greater reliance on the independent auditor's report on financial statements than on the auditor's ICFR attestation for newly public companies. In addition, it is common (and often expected) for many small new public companies to report material weaknesses during their initial years as public companies. Consequently, the incremental informational value of the external ICFR opinion during this period appears limited.
b. **Management Accountability Under Section 404(a):** The proposal would not diminish management's responsibility to establish, maintain and annually assess the effectiveness of ICFR pursuant to Section 404(a). The PSC believes these responsibilities continue to provide an appropriate framework to ensure adequate internal controls.
c. **Continued Auditor Consideration of Internal Controls:** Regardless of whether an auditor is required to express an opinion on the effectiveness of ICFR, auditing standards continue to require auditors to obtain an understanding of internal control relevant to the audit, assess control-related risks, and incorporate those assessments into the planning and execution of the financial statement audit. Accordingly, eliminating the separate ICFR attestation requirement for smaller registrants would not eliminate the auditor's consideration of internal controls in conducting the audit.
d. **Continued Coverage of the Public Markets:** Although the proposal would expand the population of registrants exempt from Section 404(b), companies subject to the ICFR auditor attestation requirement would continue to represent approximately 95% of the total U.S. public market capitalization. Accordingly, the PSC believes that the proposal preserves investor protection where it is likely to provide the greatest benefit while appropriately reducing compliance costs for registrants whose potential control deficiencies are less likely to pose systemic risks to the capital markets.

Finally, in connection with our evaluation of the Proposed Rule, the PSC considered the current inspection environment relating to audits of internal controls and offers the following input relevant to the Public Accounting Oversight Board's efforts to modernize its inspection program. It is the PSC's observation that the inspection process for ICFR audits of smaller companies is often more rigorous than the associated financial statement audit, resulting in excessive time, effort and costs relative to benefits obtained, in part due to the perception that inspectors don't always appropriately allow for scaling considerations in the evaluation of a smaller company's internal controls.

We appreciate the opportunity to provide feedback on the Proposed Rule *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies*.

Sincerely,

Jeffrey L. Johanns

Jeffrey Johanns, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants