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April 11, 2026

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Comment Letter on File Number CLL-15 - Reforming Regulation S-K

Dear Ms. Countryman,

Thank you for the opportunity to submit comments in response to Chairman Atkins' January 13, 2026, statement inviting public input on the reform of Regulation S-K. I write as a practitioner with approximately 25 years of experience operating at the intersection of public company disclosure, capital markets, and investor relations - including service as Chief Financial Officer of a NYSE publicly traded company, where I had direct responsibility for the preparation of Form 10-K and Form 10-Q filings, SEC comment letter responses, and investor communications. I have also served as the Audit Committee Chairman and Lead Independent Director of a newly public NASDAQ "emerging growth company" and "smaller reporting company."

I continue to maintain an active investment portfolio across public equities, fixed income, and private markets, and have engaged with hundreds of investors as both a public company CFO and as an investor. That dual perspective - drafting the disclosures and reading them - informs each of the recommendations below.

Chairman Atkins has correctly identified a core problem: Regulation S-K has grown to compel a substantial volume of disclosure that does not reflect information a reasonable investor would consider material. As the Supreme Court recognized in TSC Industries v. Northway, burying shareholders in an avalanche of immaterial information is itself a harm - it obscures rather than illuminates material facts. I agree that the Commission's disclosure regime should be restructured to enable a reasonable investor to separate the wheat from the chaff. My recommendations are intended to advance that goal from a practitioner standpoint.

I provide three recommendations below. Each is grounded in direct operating experience with public company disclosure requirements and is intended to reduce cost and compliance burden while improving disclosure quality for investors.

Recommendation 1: Unify the Form 10-K and Form 10-Q into a Single Periodic Report Format

The Problem: Dual-Format Maintenance Undermines Disclosure Quality

The most underappreciated structural deficiency in the current periodic reporting regime is not the content of any individual item - it is the requirement to maintain two structurally incompatible filing formats simultaneously. Form 10-K and Form 10-Q cover substantially the same operational content but organize it in a different order, under different part numbers, with different item designations. MD&A is Item 7 in the 10-K and Item 2 in the 10-Q. Financial statements are Item 8 in the 10-K and Item 1 in the 10-Q. Controls and procedures is Item 9A in the 10-K and Item 4 in the 10-Q. Exhibits A and B provide a complete item-by-item comparison of both forms.

From a CFO's perspective, this dual-format requirement imposes a structural tax on every public company's disclosure process with no corresponding investor benefit. As a result, the legal and finance teams must:

- maintain parallel drafting templates for two different forms covering much of the same information;
- manually reconcile narrative language across forms, checking whether improvements made to the annual filing were carried forward to the quarterly template and vice versa;
- re-map item numbers and cross-references each time an analyst or investor asks about a specific disclosure; and
- update two EDGAR filing structures with inconsistent item taxonomies.

In practice, this reconciliation step often fails. Improvements made to the MD&A during the annual audit process - when the most rigorous review occurs - frequently do not appear in the next quarterly filing because the team reverts to the prior quarterly template. The reverse problem is equally common: language improvements made in a quarterly update in response to investor questions or SEC staff comments are not carried back into the next 10-K. The result is version drift: investors receive different versions of the same narrative disclosure depending on whether they are reading an annual or quarterly filing, with no way to know which version reflects the company's most current thinking.

This is not a hypothetical concern. It wastes time, increases cost and drives inconsistencies that are not from any intentional omission but from the structural friction of maintaining two parallel systems.

The Proposal: A Single Unified Periodic Report

I recommend that the Commission replace Form 10-K and Form 10-Q with a single unified periodic report format that is filed identically in both annual and quarterly periods. The key insight is that the two forms already cover substantially the same ground - the unification does not require new disclosure; it requires only structural consistency.

The proposed structure, set forth in full in Exhibit C, organizes every periodic filing as follows:

- A Highlights section (H-1 through H-3) leads every filing with a key metrics summary, a hard-capped 1,000-word management narrative on material developments, and a ranked summary of the company's top risk factors. This section has no current equivalent and is designed specifically to address Chairman Atkins' concern about investors being unable to separate material from immaterial information.
- Part I contains the MD&A and market risk disclosures - the items that investors actually read first and that are most important to the evaluation of current period performance.
- Part II contains controls, legal proceedings, quarterly capital events (unregistered sales and defaults, which are quarterly-only items), and other information.
- Part III contains the financial statements and exhibits.
- Annual-only appendices (Appendices A through D) contain the full risk factors, business description, cybersecurity governance, market information, and corporate governance disclosures that currently occupy Parts I and III of the 10-K. These items are not repeated in quarterly filings; instead, the H-3 risk factor summary provides a quarterly update anchored to the full annual disclosure.

Exhibit D illustrates the operational comparison between the current dual-format structure and the proposed unified format. The key difference is the elimination of the conversion step: a company drafts one master document and updates it each period. Annual appendices are populated once a year. There is no template reconciliation, no version drift, and no dual item-numbering system to manage.

Specific Regulatory Mechanism

Structurally, the most efficient path to this reform is to amend Form 10-K and Form 10-Q simultaneously under the Commission's authority under Sections 13 and 15(d) of the Exchange Act to specify the form and content of periodic reports. The amendment would:

- Redesignate both forms as a unified "Form 10-P" (Periodic Report) or equivalent, with separate instructions governing annual and quarterly filing requirements;
- Preserve all existing Regulation S-K content requirements (Items 101, 102, 103, 105, etc.) unchanged - this proposal reorganizes the structure, not the substance;
- Establish a two-year transition period during which companies may continue on legacy forms;
- Require the Office of Structured Disclosure to update the EDGAR XBRL taxonomy to reflect unified item numbering; and
- Permit proxy statement incorporation by reference of Appendix D governance items under the same 120-day rule currently applicable to 10-K Part III.

This reform would directly reduce disclosure cost, improve consistency, and make periodic reports substantially more useful to investors - without requiring any expansion of substantive disclosure requirements.

Recommendation 2: Establish Minimum Dollar Thresholds for Smaller Reporting Company Materiality Determinations

The Problem: Percentage-Based Materiality Creates a Disproportionate Burden for Smaller Reporting Companies

The current materiality framework under SAB Topic 1M applies the same percentage-based analysis regardless of the absolute size of a registrant. In practice, this creates an inverse relationship between company size and compliance burden: the smaller the company, the lower the dollar threshold at which a given item becomes potentially material, and therefore the lower the dollar threshold at which an error, estimate revision, or disclosure omission can trigger a restatement, SEC comment, or securities liability. A large accelerated filer reporting in billions can absorb a $500,000 variance in a line item without any materiality consequence. A smaller reporting company reporting in thousands of dollars faces the same legal framework applied to numbers that are orders of magnitude smaller - meaning that routine estimation differences in complex accounting areas can cross a materiality threshold that would be invisible at larger scale.

This asymmetry is most acute in accounting areas where estimation uncertainty is inherent and restatements are most common. Cash flow statement classification - particularly the allocation of items between operating, investing, and financing activities - frequently result in restatement even at well-managed companies. Deferred tax accounting, with its reliance on uncertain tax positions, valuation allowances, and the interaction of federal and state timing differences, generates a disproportionate share of SRC restatements precisely because small absolute dollar amounts can be material to a smaller company’s reported income. Stock-based compensation, revenue recognition under multi-element arrangements, and lease accounting all present similar challenges. For a smaller reporting company with, say, $10 million in total assets, an otherwise unremarkable $75,000 misclassification in the cash flow statement can be quantitatively material under current standards - requiring restatement, auditor involvement, and 8-K disclosure - while the same dollar error would not warrant a footnote at a larger company. The result is that the companies with the fewest internal accounting resources and the least capacity to absorb compliance costs bear the highest relative risk of restatement from routine differences that don’t impact investors

The Proposal: A Tiered Minimum Dollar Threshold Safe Harbor

The Commission should establish a tiered safe harbor setting minimum absolute dollar thresholds below which a quantitative misstatement or omission is deemed per se immaterial for purposes of Regulation S-K disclosure requirements, keyed to a registrant’s filer status. A reasonable starting framework would set

the threshold at $250,000 for smaller reporting companies with annual revenues below $25 million, $500,000 for smaller reporting companies with revenues between $25 million and $100 million, and $1 million for non-accelerated filers generally - with the threshold applicable at the individual line-item level before any aggregation analysis is required. This safe harbor would not eliminate the qualitative materiality analysis required under SAB Topic 1M; items below the threshold could still be material if qualitative factors compel disclosure. The safe harbor would instead provide smaller reporting companies with a defined floor below which the risk of restatement from routine estimation differences is not treated as a disclosure failure, reducing the administrative burden of maintaining controls calibrated to immaterially small dollar amounts and allowing management and auditor attention to focus where investor protection genuinely requires it.

Recommendation 3: Rationalize the Affiliated Financial Statement Requirements Under Regulation S-X Rules 3-05 and 3-09

The Problem: Percentage-Based Significance Tests Produce Anomalous Results for Equity Method Investments - and the Income Test Breaks Down Entirely Near Breakeven

Regulation S-X Rule 3-09 requires a registrant to file separate audited financial statements for any equity method investee that exceeds a 20% significance threshold under either the investment test or the income test set forth in Rule 1-02(w). The requirement is well-intentioned: investors in a registrant with a substantial equity method investment deserve visibility into the financial condition of that investee. The problem lies in the mechanics of how significance is measured - particularly for smaller registrants whose absolute dollar scale makes percentage-based tests unreliable indicators of investor materiality.

The income test compares the registrant's equity in the pre-tax income of the investee against the registrant's own consolidated pre-tax income from continuing operations. When the registrant is near breakeven - a common condition for energy transition companies, development-stage businesses, and registrants in cyclical industries investing heavily in growth - the denominator of this ratio approaches zero, and even a modestly profitable equity method investment produces a test result that is mathematically enormous. A registrant earning $500,000 on $200 million in revenue, with a 15% ownership interest in a wind partnership allocating $3 million of income under HLBV, will show an income test result of 600% - mechanically triggering the Rule 3-09 separate financial statement requirement for an investment that no reasonable investor would consider the dominant factor in evaluating the registrant. The same investment held by a profitable registrant earning $50 million produces a 6% income test result requiring no separate statements at all. The economic substance is identical; the compliance burden differs by an order of magnitude based solely on the registrant's near-breakeven income position.

The investment test creates a parallel problem: a smaller reporting company with a modest total asset base can find that an objectively small dollar investment in a partnership crosses the 20% asset threshold,

triggering the same burdensome separate statement requirement for an amount that is immaterial in any absolute sense.

This problem is made substantially worse by the widespread use of the Hypothetical Liquidation at Book Value method to determine the income allocations that feed the income test. HLBV was never formally adopted as an accounting principle by the FASB: it derives from a proposed AICPA Statement of Position issued in draft form in 2000 and never finalized, and its guidance now appears in ASC 970-323-35 as a narrow real estate provision that practice has extended broadly into tax equity and renewable energy structures. In certain partnership arrangements - particularly tax equity structures used to monetize Investment Tax Credits and Production Tax Credits - HLBV produces income allocations that bear no relationship to the underlying economics of the investment. A tax equity investor structured as a flip partnership will typically show large GAAP losses in the early years of a project under HLBV, as the tax capital account mechanics reflect the ITC basis reduction and depreciation allocations, and then shift to GAAP income in later years once the flip occurs - an allocation pattern that is the inverse of the investor's actual economic experience, which front-loads the tax credit benefit. Conversely, a sponsor holding a residual interest may show GAAP income allocations under HLBV during the same early period that bear no resemblance to the cash distributions or economics it is actually receiving. When these HLBV-driven income allocations - themselves derived from an informal, never-finalized accounting practice - are then fed into the Rule 1-02(w) income test as the measure of investee income significance, the result is a significance calculation that is doubly disconnected from economic reality: the numerator reflects an accounting construct that does not track economics, and the denominator may be near zero due to the registrant's operating profile. The rule was designed to identify investments material to investors; in these structures it identifies investments that are material to a formula.

Finally, the underlying trigger for equity method accounting in limited partnership interests - the 3 to 5 percent ownership threshold establishing when an investor is presumed to have "more than virtually no influence" - itself derives from an oral announcement by an SEC staff member at an EITF meeting in May 1995, subsequently recorded as EITF Topic D-46 and codified in ASC 323-30-S99-1. There was no formal rulemaking, no public comment period, and no economic analysis. The consequence is a cascade: any investor holding more than approximately 3% of a limited partnership must apply equity method accounting, which feeds HLBV-driven income allocations into the Rule 3-09 significance calculations, which can then require full separate audited financial statements based on a broken income test measuring a non-economically-representative accounting construct against a near-zero denominator. A percentage threshold with no dollar floor, set informally thirty years ago, generates a compliance burden in 2026 that falls hardest on the registrants least equipped to bear it.

The Proposal: Dollar Floors for Both Significance Tests, a Sliding Scale for Smaller Registrants, and Codification of the Partnership Equity Method Threshold

The Commission should address this in two steps.

First, it should amend Rule 1-02(w) to establish minimum absolute dollar floors applicable to both the investment test and the income test, structured as a sliding scale keyed to the registrant's filer status and

calibrated as the greater of a dollar threshold or a percentage of revenues or market capitalization - consistent with the framework proposed in Recommendation 2. For the income test, the floor should set a minimum denominator regardless of the registrant's actual income in any given period: $5 million for non-accelerated filers, $10 million for accelerated filers, and $25 million for large accelerated filers. For the investment test, a parallel floor should establish a minimum investee asset threshold below which the test is not triggered regardless of the registrant's total asset base: $10 million for non-accelerated filers, $25 million for accelerated filers, and $50 million for large accelerated filers. These floors would prevent the mechanical anomaly that causes near-breakeven and small-asset registrants to trigger significance for investments that are economically immaterial, while leaving both tests fully operative for registrants of the scale the rules were designed to address. The Commission should also consider whether income allocations derived from HLBV, given that method's disconnection from economic performance in tax equity and similar structures, should be subject to a normalization adjustment before being applied to the income test - or whether the test should permit the use of cash distributions actually received as an alternative measure of investee income where HLBV produces results that are not representative of the economic relationship between the registrant and the investee.

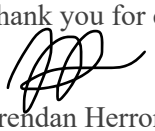
Second, the Commission should formally codify, through notice-and-comment rulemaking, both the 3 to 5 percent ownership threshold for equity method accounting in limited partnerships and a corresponding dollar floor below which equity method is not required regardless of ownership percentage. The dollar floor for LP investments should be calibrated to produce a consistent result with the 20% ownership threshold applicable to corporate investments under ASC 323-10: a passive limited partnership interest that would not raise equity method questions if structured as a corporate investment of the same dollar amount should be treated consistently across entity forms. Codifying a dollar floor alongside the percentage threshold - set at levels consistent with those proposed for the investment and income tests above - would improve legal certainty, reduce the compliance burden on passive investors in tax equity and renewable energy structures, and align the standard with the Commission's broader goal of calibrating disclosure requirements to investor materiality rather than mechanical percentage tests derived from informal staff positions that have never been subject to formal rulemaking.

Each of these recommendations reflects direct experience with the practical operation of Regulation S-K from both a company and investor standpoint. Recommendation 1 addresses structural inefficiency in the periodic reporting framework itself. Recommendation 2 addresses the disproportionate compliance burden that percentage-based materiality thresholds impose on smaller reporting companies in complex accounting areas prone to restatement. Recommendation 3 addresses the cascading consequences of significance tests that were designed for large registrants and become unworkable when applied to near-breakeven companies holding equity method investments in tax equity and partnership structures - consequences made worse by accounting methods that were never formally adopted and thresholds that were never formally set. All three are intended to be constructive and implementable without requiring a complete overhaul of the existing substantive disclosure framework, and each is consistent with the Commission's stated goal of focusing disclosure on information that a reasonable investor would consider material.

Exhibits A and B set forth the current item structures of Form 10-K and Form 10-Q respectively, illustrating the structural inconsistency between the two forms. Exhibit C sets forth the proposed unified periodic report structure in full. Exhibit D provides a side-by-side operational comparison of the current and proposed systems.

I am happy to provide additional detail on any of the above recommendations and can be reached at Herron.brendan@gmail.com.

Thank you for considering my comments.



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EXHIBITS

Exhibit A sets forth the required items and structure of Form 10-K. Exhibit B sets forth the required items and structure of Form 10-Q. Together, Exhibits A and B illustrate the inconsistency in item numbering and part organization between the two forms for items covering the same subject matter. Exhibit C sets forth the proposed unified periodic report structure. Exhibit D provides a side-by-side operational comparison of the current dual-format system and the proposed unified structure.

EXHIBIT A — Form 10-K: Required Items and Current Structure

Item	Item name	Regulatory authority
PART I — BUSINESS DESCRIPTION		
1	Business *Annual only*	S-K §101
1A	Risk factors *Annual only; summary in proposed H-3*	S-K §105
1B	Unresolved staff comments *Annual only*	
1C	Cybersecurity *Annual only*	S-K §106
2	Properties *Annual only*	S-K §102
3	Legal proceedings *Also in 10-Q Part II, Item 1*	S-K §103
4	Mine safety disclosures *Also in 10-Q Part II, Item 4*	S-K §104
PART II — FINANCIAL INFORMATION		
5	Market for common equity & repurchases *Annual only*	S-K §201, §703
6	[Reserved] *Annual only*	
7	MD&A *Also in 10-Q Part I, Item 2*	S-K §303
7A	Quantitative & qualitative market risk *Also in 10-Q Part I, Item 3*	S-K §305
8	Financial statements & supplementary data *Also in 10-Q Part I, Item 1*	Reg. S-X
9	Changes/disagreements with accountants *Annual only*	S-K §304(b)
9A	Controls and procedures *Also in 10-Q Part I, Item 4*	S-K §307, §308
9B	Other information (4th-quarter 8-K items) *Also in 10-Q Part II, Item 5*	S-K §408(a)
9C	Foreign jurisdictions / PCAOB bar *Annual only*	SOX §104(i)
PART III — CORPORATE GOVERNANCE		
10	Directors, officers & corporate governance *Annual only*	S-K §401, §406, §407
11	Executive compensation *Annual only*	S-K §402
12	Security ownership of beneficial owners & mgmt *Annual only*	S-K §403
13	Certain relationships & related transactions *Annual only*	S-K §404
14	Principal accountant fees & services *Annual only*	Sched. 14A §9(e)
PART IV — EXHIBITS		
15	Exhibits & financial statement schedules *Also in 10-Q Part II, Item 6*	S-K §601

16	Form 10-K summary (optional) *Annual only; optional*	

Annual (10-K) only

Shared with 10-Q — different item number

EXHIBIT B — Form 10-Q: Required Items and Current Structure

Item	Item name	Regulatory authority
PART I — FINANCIAL INFORMATION		
I-1	Financial statements *10-K: Item 8, Part II*	S-X Rule 10-01
I-2	MD&A *10-K: Item 7, Part II*	S-K §303
I-3	Quantitative & qualitative market risk *10-K: Item 7A, Part II*	S-K §305
I-4	Controls and procedures *10-K: Item 9A, Part II*	S-K §307, §308
PART II — OTHER INFORMATION		
II-1	Legal proceedings *10-K: Item 3, Part I*	S-K §103
II-1A	Risk factors (material changes only) *10-K: Item 1A, Part I — full disclosure*	S-K §105
II-2	Unregistered sales of equity & use of proceeds *Quarterly only*	S-K §701
II-3	Defaults upon senior securities *Quarterly only*	
II-4	Mine safety disclosures *10-K: Item 4, Part I*	S-K §104
II-5	Other information *10-K: Item 9B, Part II*	S-K §408(a)
II-6	Exhibits *10-K: Item 15, Part IV*	S-K §601

Quarterly (10-Q) only

Shared with 10-K — different item number / part

EXHIBIT C — Proposed Unified Periodic Report: Complete Item Structure

Item	Description	Filing scope
HIGHLIGHTS		
H-1	Period highlights & key metrics	Both periods
H-2	Material developments *Hard limit: 1,000 words*	Both periods
H-3	Risk factor summary (ranked top risks) *Full disclosure in App. A*	Both periods
PART I — OPERATING REVIEW		
Item 1	MD&A (S-K §303)	Both periods
Item 2	Quantitative & qualitative market risk (S-K §305)	Both periods
PART II — CONTROLS, LEGAL & OTHER		
Item 3	Controls and procedures (S-K §307, §308)	Both periods
Item 4	Legal proceedings updates (S-K §103)	Both periods
Item 5	Unregistered sales of equity & use of proceeds	Quarterly only
Item 6	Defaults upon senior securities	Quarterly only
Item 7	Mine safety disclosures (S-K §104)	Both periods
Item 8	Other information & insider trading disclosure	Both periods

PART III — FINANCIAL STATEMENTS		
Item 9	Financial statements & supplementary data (Reg. S-X)	Both periods
Item 10	Changes & disagreements with accountants	Annual only
Item 11	Exhibits (S-K §601)	Both periods
APPENDICES — ANNUAL FILING ONLY		
App. A-1	Risk factors — full disclosure (S-K §105) *Summarized in H-3*	Annual only
App. B-1	Business (S-K §101)	Annual only
App. B-2	Properties (S-K §102)	Annual only
App. B-3	Cybersecurity strategy & governance (S-K §106)	Annual only
App. B-4	Unresolved staff comments	Annual only
App. C-1	Market for common equity & issuer repurchases (S-K §201, §703)	Annual only
App. D-1	Directors, officers & corporate governance (S-K §401, §406, §407)	Annual only
App. D-2	Executive compensation (S-K §402)	Annual only
App. D-3	Security ownership of beneficial owners & management (S-K §403)	Annual only
App. D-4	Related transactions & director independence (S-K §404)	Annual only
App. D-5	Principal accountant fees & services (Sched. 14A §9(e))	Annual only
App. D-6	Foreign jurisdictions / PCAOB inspection bar	Annual only

New item | Shared — both periods | Annual only | Quarterly only

EXHIBIT D — Operational Impact: Current Dual-Format vs. Proposed Unified Format

CURRENT STRUCTURE	PROPOSED UNIFIED STRUCTURE
Filing formats maintained	
Two separate forms: 10-K (4 parts, 16 items) and 10-Q (2 parts, 10 items)	One unified form filed in every period
Different part structures and item numbering	Identical structure in every filing
Same concepts assigned different item numbers across forms (see Exhibits A & B)	Consistent item numbers; annual-only items in appendices
Disclosure quality risk	
MD&A improvements made during annual audit cycle do not carry into Q	One master document; no conversion step
Risk factor language diverges across forms over time	Risk factor language consistent period-to-period
Quarterly team reverts to prior Q template, losing K improvements	Single template updated each period
Drafting and compliance workflow	
Parallel drafting workflows — one for K, one for Q	Single drafting workflow used year-round
Manual reconciliation required at each form conversion	No reconciliation step; annual items simply populate appendices
EDGAR XBRL taxonomy maps to two inconsistent item numbering systems	Single EDGAR taxonomy for all periodic filings
Investor navigation	

Annual-only content embedded throughout 10-K structure; not clearly distinguished	Annual-only items collected in labeled appendices; main body identical each period
No structured highlights section; material items must be located throughout document	H-1 through H-3 provide structured, page-limited summary of key metrics, developments, and risks

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All submissions should refer to File Number CLL-15. This comment letter is submitted electronically pursuant to the instructions set forth in Chairman Atkins' statement of January 13, 2026.
