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April 13, 2026

Via Email: rule-comments@sec.gov

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

RE: Reforming Regulation S-K, File No. CLL-15

Dear Ms. Countryman:

I am writing on behalf of Arthur J. Gallagher & Co. ("Gallagher," "we" or the "Company") to comment on the recent request by the Securities and Exchange Commission (the "Commission" or the "SEC") for members of the public to provide their views on how the Commission can amend Regulation S-K to elicit disclosure of material information while avoiding unnecessary and onerous immaterial disclosure. We appreciate the Commission's efforts to streamline the disclosure process, and we thank you for the opportunity to provide our input.

1. Executive Compensation Modernization – Item 402

Of particular interest to our business is the opportunity for the Commission to address certain burdensome requirements set forth in Item 402 of Regulation S-K dealing with executive compensation. We have identified two major items of concern we would like to flag for the Commission's consideration:

A. "Perquisite" Disclosure Adjustments

The primary adjustment we see as necessary in connection with perquisite disclosure relates to the concept of "aggregate incremental cost." Under the current Item 402 framework, companies must disclose the "aggregate incremental cost" to the company of providing perquisites.[1] With respect to private aircraft use, applying this methodology requires significant management and staff time to collect the needed information and perform and validate the calculation, and we believe there is considerable variability among companies in how these amounts are calculated. We recommend that the Commission permit—or, preferably, require—companies to value personal aircraft use under the Internal Revenue Service's Standard Industry Fare Level ("SIFL") methodology, which is the established IRS method for imputing income to employees for use of employer-provided aircraft. The SIFL approach provides a standardized, readily calculable, and well-understood valuation framework.

Adopting SIFL as the valuation standard would advance the Commission's objectives in several respects. First, it would rationalize disclosure by aligning SEC valuation methodology with the IRS's longstanding approach, thereby eliminating an unnecessary divergence between two regulatory regimes that address the same underlying economic reality. Second, it would simplify disclosure by providing a clear, formulaic calculation that reduces the need for specialized consultants and subjective judgments regarding incremental cost allocation and reduces the reporting and calculation burden on companies. Third, it would enhance and promote comparability across issuers by establishing a uniform valuation methodology, thereby enabling investors to make more meaningful comparisons of perquisite values reported by different companies.

[1] *See* Instruction 4 to Item 402(c)(2)(ix).

B. Executive Security

We endorse Chairman Atkins' call for the Commission to modernize its treatment of executive security as a perquisite.[2] As the Chairman observed, when the Commission last addressed this issue in 2006, it concluded that security provided at an executive's residence or during personal travel constituted a perquisite, while security provided at the office and during business travel did not. The Commission's reasoning—that personal security services were not "integrally and directly related" to job performance—reflected the threat environment of two decades ago. We believe that if a board of directors acting in good faith, exercising their business judgment and fulfilling their fiduciary duty to the company determines that security, including cybersecurity, is needed by an executive at all times, then those measures should not be considered a perquisite.

Based on our experience, we believe that comprehensive executive security is more of a necessity, rather than a luxury, in 2026. Accordingly, the Commission should modernize its disclosure requirements to reflect how security threats have evolved over the past twenty years, namely by recognizing that comprehensive security arrangements should no longer be considered a "perquisite" of the job, but rather a necessary business expense integral to the performance of the executive functions of a public company.

2. Risk Factor Streamlining – Item 105

We also agree with the points provided by Chairman Atkins in his recent remarks concerning the current state of risk factor disclosures by issuers.[3] As the Chairman noted, when Item 1A was adopted in 2005 to extend risk factor disclosure from prospectuses to annual and quarterly reports, the expectation was that "companies would provide a concise discussion—perhaps enough to fill two or three pages—that describe 'what keeps management up at night.'" Today, our risk factor disclosure totals almost twenty pages and is on average one of the longest sections in our annual report on Form 10-K. We agree that the proliferation of risk factors does not serve investors in the way that was initially contemplated in 2005.

As such, we agree with the Chairman's approach to create a standardized set of risks, stated as "a form of 'general terms and conditions' associated with any investment in securities." The removal from every annual report of these standardized risks, covering, for example, risks related to global economic conditions, geopolitical issues, natural disasters, cybersecurity, human capital management, trading volatility, reputational issues, and standard regulatory compliance matters such as anti-corruption, sanctions and privacy law compliance, could significantly decrease the reporting burden on issuers and would allow investors to have a clearer view of the unique risks that each individual company faces in connection with their business.

In order to head off frivolous litigation, we would also suggest providing a safe harbor from liability associated with the failure to disclose potential impacts from the general occurrences that would be present in a set of standardized risks. This would provide comfort for companies to maintain a risk factor disclosure that closely hews to the material concerns of their specific business and allay concerns over a ballooning of litigation claims alleging omission of general risks from a company's risk factor disclosure.

3. Impractical Tracking Disclosures – Items 403 and 404

The third revision we would like to see effected to Regulation S-K is a rethinking of certain impractical and burdensome disclosure requirements. First, we believe the requirement to disclose beneficial stock ownership by former executives in the Proxy Statement should be removed, as the Chairman also suggested. We believe that

[2] *See* Remarks at the Texas A&M School of Law Corporate Law Symposium, Chairman Paul Atkins, Feb. 17, 2026.
[3] *Id.*

once an executive is no longer a part of the Company, the difficulties in tracking down the specific share ownership of a former employee amounts to an impractical intrusion into a now-unassociated individual's property, particularly if such individual has no legal obligation to respond to the inquiry.

Second, we believe that the Related Person Transaction disclosure requirements have grown onerous given the $120,000 threshold for disclosure and the inclusion of in-laws in the definition of immediate family members. We suggest adjusting the threshold amount, either by tying the threshold for disclosure to the size of the company by revenue, or by simply raising the threshold to a more appropriate amount to account for inflation since the $120,000 threshold was originally introduced. We also suggest updating the threshold annually to reflect inflation so that the Commission does not have to revisit the amount every few years. Further, we agree with the Chairman that the inclusion of in-laws of officers and directors in the related person definition has created a sprawling standard that requires impractical tracing of familial ties and associated business entanglements. We urge the Commission to narrow the definition of "immediate family members" to focus on relationships that present genuine risks of self-dealing. In addition to in-laws, we would propose excluding step-children and step-parents, as well as siblings and parents; in other words, "immediate family members" would be narrowed to include only one's spouse and children.

4. Endorsement of Other Market Participants' Comments

Having reviewed or contributed to comment letters from other market participants and their advisors, including the U.S. Chamber of Commerce[4], the New York Stock Exchange, and the Society of Corporate Governance[5], we would like to generally endorse the suggestions provided in their letters. Particularly as their comments pertain to suggestions to move towards a principles-based disclosure regime and eliminate duplicative or immaterial disclosure requirements, we wholeheartedly agree.

We appreciate the opportunity to comment on this important initiative and commend the Commission for undertaking a comprehensive review of its disclosure framework. We are available to discuss these matters further at the Commission's convenience. If you have any questions, or wish to set up a meeting to discuss our ideas further, please contact Sara Walsh, our Treasurer and Vice President – Finance & Investor Relations, at investor_relations@ajg.com.

Respectfully submitted,

Douglas K. Howell
Chief Financial Officer
Arthur J. Gallagher & Co.

[4] Letter from U.S. Chamber of Commerce to Ms. Vanessa Countryman, Secretary, Securities and Exchange Commission (April 10, 2026) https://www.sec.gov/comments/cll-15/cll15-745889-2311294.pdf
[5] Letter from Society of Corporate Governance to Ms. Vanessa Countryman, Secretary, Securities and Exchange Commission (April 13, 2026) https://www.sec.gov/comments/cll-15/cll15-748671-2315735.pdf