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What the SEC's Proposed New Filer Framework Could Mean for Executive Compensation Accountability



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On May 19, 2026, the SEC proposed sweeping changes to public company reporting requirements, intended to reduce compliance costs and encourage broader participation in US public markets. While much attention has focused on scaled disclosure obligations and reduced regulatory burdens, the proposal may have more significant implications for executive compensation governance.

Most notably, the proposal would eliminate mandatory say-on-pay requirements and substantially reduce executive compensation disclosure for most non-accelerated filers. If adopted, the proposal would not simply reduce disclosure. It could fundamentally alter how boards communicate executive compensation decisions and how investors evaluate compensation accountability.

For more than 15 years, say-on-pay has functioned as a recurring governance mechanism that shaped compensation design, investor engagement, and proxy disclosure practices across the public company landscape. The SEC's proposal raises a broader question: *What happens when executive compensation accountability becomes less procedural and more discretionary?*

This article summarizes the proposed rule changes and examines their implications for executive compensation disclosure, shareholder engagement, and the future of

compensation accountability.

Summary of Proposed Rule

A Streamlined Filing Structure

The proposal would eliminate the current Accelerated Filer, Smaller Reporting Company, and Emerging Growth Company categories, leaving two primary classifications:

- Large Accelerated Filers (LAFs): Companies with at least $2 billion in public float for two consecutive fiscal years and at least 60 consecutive months as a public company.
- Non-Accelerated Filers (NAFs): All other companies, including a new subset of Small Non-Accelerated Filers (SNAFs) with assets of $35 million or less.

According to SEC estimates, approximately 81% of public companies would qualify for the new simplified disclosure requirements. Only about 19% of public companies would remain subject to the current disclosure regime, compared to roughly 35% today.

Resultant Reductions in Executive Compensation Disclosure

For NAFs, the proposal would substantially reduce executive compensation disclosure obligations, including:

- Eliminating say-on-pay, say-on-frequency, and say-on-golden-parachute votes
- Eliminating the Compensation Discussion & Analysis (CD&A)
- Reducing named executive officers from five to three
- Reducing the Summary Compensation Table disclosure from three years to two
- Eliminating CEO pay ratio and pay-versus-performance disclosure
- Eliminating compensation risk disclosures and compensation committee reports
- Removing several compensation tables, including:
    - Grants of Plan-Based Awards
    - Pension Benefits
    - Options Exercised and Stock Vested
    - Nonqualified Deferred Compensation

The proposal would also reduce broader reporting requirements, including certain risk disclosures, related-party disclosures, performance graphs, and auditor attestation requirements under SOX 404(b).

By contrast, companies that remain LAFs would see relatively little immediate change under the proposal, although the SEC has indicated that additional simplifications may follow.

Implementation Schedule

The SEC proposal is subject to a 60-day public comment period following publication in the Federal Register. Institutional investors and proxy advisory firms are expected to comment extensively, particularly on the elimination of mandatory shareholder advisory votes and the reduction in compensation disclosure.

Final rules could potentially be adopted later this year or in early 2027. If adopted largely as proposed, affected companies would need to reassess not only their filer status and disclosure practices, but also their broader investor engagement and compensation governance strategies.

Although the proposal would not immediately alter disclosure obligations for LAFs, the SEC has indicated that additional executive compensation simplification efforts may follow, including potential revisions to pay-versus-performance disclosure and perquisite disclosure requirements.

Governance Implications for Accountability

Technically advisory in nature, say-on-pay serves as one of the defining accountability mechanisms in executive compensation governance. The vote has reshaped board behavior, investor engagement, compensation design, and proxy disclosure practices across the public company landscape.

Compensation committees learned to anticipate investor reaction, companies increasingly framed executive pay decisions through the lens of shareholder alignment and governance credibility, and executive compensation disclosure itself evolved in response to the recurring expectation that boards would explain—not merely disclose—how and why compensation decisions were made.

The proposed amendments would eliminate mandatory say-on-pay requirements for NAFs, along with related say-on-frequency and golden parachute vote obligations. The final guidelines may evolve through the rulemaking process, but the proposal signals something significant: Regulators are increasingly willing to reconsider whether standardized executive compensation accountability mechanisms should apply uniformly across all public companies.

Most discussion surrounding the proposal has focused on reduced compliance burdens and scaled disclosure obligations. But the more consequential issue may be governance-oriented rather than procedural: *What happens to executive compensation accountability when the vote is no longer required?*

That question extends beyond the mechanics of shareholder voting. If mandatory say-on-pay becomes less universal, disclosure might cease to operate primarily as a compliance response to a required shareholder referendum and instead become more discretionary—and therefore more revealing. In that environment, the quality of executive compensation disclosure may increasingly function as a signal of governance maturity,

board credibility, and institutional stewardship.

The companies that understand this shift earliest may distinguish themselves not by how much they disclose, but by how intentionally they communicate when they are no longer required to do so.

Say-on-Pay Created More Than a Vote

The say-on-pay framework did more than influence voting outcomes; it created a recurring accountability event. It institutionalized investor scrutiny around executive compensation and embedded shareholder responsiveness into compensation committee processes. The annual vote forced companies to think not only about what decisions they made, but also about how those decisions would be interpreted externally. Boards became more attentive to pay-for-performance alignment, investors more active in compensation governance conversations, and disclosure more focused on explaining compensation philosophy and decision-making.

Proxy advisors also gained influence because companies understood that adverse recommendations could materially affect support levels and governance perceptions. More importantly, say-on-pay normalized the idea that executive compensation decisions should be explained in strategic and governance terms, not merely through tables and technical requirements. In practice, the vote created a form of procedural accountability that shaped both substance and communication.

The Strategic Value of Disclosure

Historically, executive compensation disclosure has largely been evaluated through the lens of regulatory sufficiency: did the company satisfy SEC requirements, check the CD&A boxes, and avoid a say?on?pay failure or a governance controversy?

The SEC’s proposal potentially changes that framework. If mandatory say-on-pay obligations and related disclosure requirements become less universal, executive compensation disclosure may increasingly be evaluated by what it communicates voluntarily about board judgment, governance philosophy, and shareholder stewardship.

Modern executive compensation disclosure did not evolve in isolation. It evolved alongside growing investor scrutiny regarding pay-for-performance alignment and increasing expectations that boards demonstrate disciplined stewardship of shareholder interests.

Over time, investors came to expect more than mere technical disclosure of compensation mechanics. They expected boards to explain why executives were paid what they were, how incentive structures supported long-term strategy, how performance was evaluated, and whether compensation decisions reflected a credible pay-for-performance philosophy. Executive compensation disclosure became one of the primary ways boards demonstrated

the integrity of their compensation decisions.

That function does not disappear simply because a mandatory vote requirement may be reduced for certain issuers. If anything, it may become more important. In a post-mandatory say-on-pay environment, investors may place even greater weight on the quality of compensation disclosure because it becomes the primary mechanism through which boards communicate alignment, rigor, judgment, and accountability.

The strongest boards recognize that executive compensation disclosure serves functions extending well beyond compliance. Effective disclosure helps investors understand how compensation decisions support company strategy, how boards evaluate performance, where judgment was exercised, and why compensation outcomes were considered appropriate. That context becomes particularly important when compensation outcomes are difficult to evaluate through formulaic pay-for-performance frameworks alone.

Boards routinely confront situations where strict formulaic outcomes reflect broader strategic and organizational considerations but may not fully reflect business realities—including leadership transitions, transformation periods, retention concerns, macroeconomic disruption, restructuring, strategic repositioning, capital allocation shifts, or long-term value-creation initiatives that may not yet be reflected in near-term financial results. Investors, in turn, frequently evaluate not only the compensation outcome itself, but also the quality and credibility of the explanation surrounding it.

Companies that establish a pattern of disciplined, candid, strategically coherent disclosure may enter those moments with accumulated credibility and investor trust, creating governance capital. Governance capital is the credibility a board establishes over time through transparent, disciplined, and thoughtful communication with shareholders. Like other forms of institutional trust, it becomes most valuable during periods of scrutiny, disagreement, or organizational stress.

The value of executive compensation disclosure cannot be understood solely through the lens of regulatory necessity. Its value is strategic, interpretive, and fundamentally relational.

The Emergence of Revealed Accountability

The SEC’s proposal would change that dynamic. If certain issuers are no longer required to conduct say-on-pay votes, accountability does not disappear. But it becomes more discretionary.

That distinction matters because voluntary behavior often communicates more than mandatory behavior. When companies are no longer required to solicit shareholder approval of executive compensation, the level of transparency they voluntarily maintain becomes more meaningful. Investors are no longer evaluating whether a company complied with a standardized governance requirement. They are evaluating how a board

chooses to communicate when regulatory obligations have been reduced.

The companies that continue to provide disciplined, candid, investor-oriented executive compensation disclosure may signal confidence in their governance practices and seriousness about shareholder stewardship. Conversely, companies that materially reduce transparency may unintentionally communicate something else: that disclosure was viewed primarily as a regulatory burden rather than as a governance function.

In that sense, the proposal potentially shifts executive compensation governance from a system of forced accountability to one of revealed accountability. Under a mandatory regime, disclosure primarily demonstrates compliance. Under a more discretionary regime, disclosure increasingly communicates governance philosophy.

The Next Era of Compensation Disclosure

The SEC's proposal reflects a legitimate debate about regulatory burden, disclosure complexity, and whether all public companies should operate under identical executive compensation governance requirements.

Regardless of how the final rules evolve, investors will continue evaluating board judgment, pay-for-performance alignment, compensation philosophy, and governance credibility. Since investor expectations often prove more influential than regulatory minimums, many companies may continue providing robust compensation disclosure even if formal requirements are reduced.

The absence of a mandatory say-on-pay vote does not eliminate scrutiny. It changes the mechanism through which scrutiny is expressed. Under a more discretionary regime, accountability becomes increasingly interpretive. Investors are left to assess not only compensation outcomes, but also whether the board appears disciplined, transparent, strategically coherent, and aligned with shareholder interests.

That shift may ultimately change the role of executive compensation disclosure itself. Currently, much of compensation disclosure focuses on regulatory compliance, technical completeness, and vote defensibility. In a post-mandatory say-on-pay environment, the strongest disclosure may become shorter, clearer, more principles-based, and more focused on explaining board judgment and strategic intent.

Rather than emphasizing exhaustive mechanics and technical detail, effective disclosure may increasingly focus on helping investors understand what the company is trying to achieve, how compensation supports long-term strategy, where judgment was exercised, and why compensation outcomes were considered reasonable under the circumstances.

Some companies will likely respond to reduced requirements by disclosing less, while more sophisticated companies may communicate more thoughtfully. Over time, that difference may become one of the clearest governance signals available to investors because, in a post-mandatory say-on-pay environment, executive compensation disclosure no longer functions merely as a compliance document. It becomes evidence of how a

board understands stewardship, accountability, and shareholder trust.

About the Authors

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About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.