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SPEECH

Remarks at the Society for Corporate Governance Conference

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Good morning, ladies and gentlemen. And thank you, Keir [Gumbs], for your warm introduction. I look forward to our conversation in just a few moments.

Before I offer a few reflections, I must note that the views I express here today are my own as Chairman and do not necessarily reflect those of the SEC as an institution or of my fellow Commissioners.

Of course, I should also like to thank the Society for Corporate Governance for the invitation to join you today. While it is always an honor to speak with the Society, this occasion is rendered especially significant for two reasons. First, as a graduate of Vanderbilt Law School, returning to Nashville always feels like a homecoming. But second — and more importantly — because we gather in the immediate wake of our nation's 250th anniversary, it is a moment that lends particular weight to our discussion today.

Just days removed from this milestone, it behooves us to ask: what, precisely, have we inherited?

Two hundred and fifty years ago, our Founders embraced basic principles. That government must be limited. That its purpose is to set the conditions for prosperity, not to engineer it — trusting that the collective ingenuity of

individuals pursuing their own interests, Adam Smith's "invisible hand," will serve the common good more reliably than any top-down design.

Yet they understood that these principles were not self-preserving. So they built a framework around them — one that amounted to more of a trellis than a cage — a structure along which prosperity could climb.

For two and a half centuries, that trellis has liberated the invisible hand to lift an entire nation — and has built the most prosperous, resilient capital markets in the world.

Of course, periods of prosperity have been punctuated by downturns and panics. Across 250 years, however, a clear pattern emerges: every crisis threatened to shatter our markets. Yet none succeeded — not because we abandoned the first principles of free enterprise, but because we adhered to them.

Perhaps nowhere is this clearer than in our first federal securities law, the Securities Act of 1933. Indeed, this law was not a rejection of free markets, but rather an effort to preserve them, built on the premise that markets function best when investors can make decisions based on honest information. True to our Founders' ideals, Congress did not seek to substitute the judgement of regulators for that of investors. It sought to restore trust through transparency so that capital formation could rise again — proving that first principles work when we have the resolve to rekindle them.

In the decades surrounding this paradigm — through triumph and trial, war and peace — our capital markets ultimately endured not because a central planner constructed their recovery, but because, when tested, our nation returned to first principles rather than renounce them.

Today, the SEC must do likewise. Presented with a 40 percent decline in public companies over the past few decades, we are summoned not to create more complexity nor reinvent our mandate, but to restore it to its foundation: that is, disclosure of *material* information.

Years of accretive rulemakings — some eliciting immaterial information — have produced reams of paperwork that can do more to obscure than to illuminate. As Justice Thurgood Marshall once warned, "Some information is of such dubious significance that insistence on its disclosure may accomplish more

harm than good. Bury[ing]...shareholders in an avalanche of trivial information [is] a result that is hardly conducive to informed decision[.]making.”¹

As investors struggle to parse and understand — or choose to simply ignore — today’s lengthy annual reports and proxy statements, companies also incur substantial costs to prepare those documents. These costs are financial, of course, but temporal no less — composed not only of fees for armies of specialized lawyers, accountants, and consultants, but also the opportunity costs resulting from significant use of boards’ and management’s time.

In light of this current state of the SEC’s public company disclosure regime, one of my top priorities as Chairman is to restore the regime to one rooted in materiality — a fundamental concept that Congress weaved throughout the federal securities laws. Unfortunately, over the past several years, this term has been hijacked or substituted with phrases such as “double materiality” or “decision useful.” But these purported standards have no standing in the relevant jurisprudence.

So, I must first remind us that the Supreme Court has held that information is material “if there is a substantial likelihood that a *reasonable investor* would consider it important.”² When applying this objective standard, it is indisputable that the common interest of reasonable investors is the financial returns of the investment.³ Or, said another way, materiality, as defined by the Supreme Court, is and has always been a concept inherently rooted in financial considerations. Accordingly, information must, at a minimum, facilitate an evaluation of financial returns to qualify as material.

Yet despite this clear definition and direction, in recent years, special interest groups, politicians, and, at times, the SEC itself have lost sight of — or blatantly disregarded — what qualifies information as material, and have weaponized the disclosure framework that Congress created, bending it towards social and political agendas that stray far from the SEC’s mission.

In contrast, as I mentioned, the SEC under my Chairmanship is redirecting what has been pulled off course back toward our founding mandate of materiality. So, this past January, the SEC began soliciting public feedback on reforming Regulation S-K.⁴ Since then, we have received over 100 comment letters,⁵ including a letter from the Society with detailed recommendations.⁶ I very much appreciate your engagement on this important area for reform.

A few of these letters have recommended inclusion of an overarching materiality qualifier — or a “materiality overlay” — applicable throughout

Regulation S-K.⁷ This idea is not new; it was raised as early as 2015 in response to the SEC’s prior Disclosure Effectiveness Initiative.⁸ As suggested by commenters, this qualifier would permit companies to omit information otherwise called for by a line item of Regulation S-K if the information is not material. Some commenters suggested exceptions where the qualifier would not apply, such as for executive compensation disclosure, while others did not recommend exceptions.⁹

My chief aim of revising Regulation S-K is for these rules to elicit material information, without overly prescriptive line-item requirements that frequently elicit immaterial information. However, even with the best intentions and execution, the Commission may be unable to ensure that information called for by every line item will be material to investors of every public company. Additionally, disclosures mandated by prescriptive requirements that appear material today may become immaterial over time as corporate structures and business practices develop and change.

Because of these concerns, the “materiality overlay,” as suggested by commenters, may be helpful to creating a principles-based disclosure regime that represents the “minimum effective dose of regulation” and elicits material information based on the facts and circumstances of each company.

Meanwhile, market forces would drive disclosure of other information that may be desired by the company’s investors. This already occurs to some extent today when companies provide non-GAAP financial measures and key performance indicators tailored to their business and their investors’ expectations.

Of course, a “materiality overlay” will reduce immaterial disclosures in filings only if companies use the discretion afforded to them and omit information called for by a line-item. Likewise, any amendments to Regulation S-K that replace prescriptive rules with principles-based rules will require companies to exercise judgement for the amendments to be effective. If companies are unwilling to do so, no disclosure regime can achieve the goal of providing material information to investors, without burying them in trivial information, as Justice Marshall warned.

I sometimes hear that companies are reticent to remove existing disclosures — or will always include certain disclosures simply because they appear in a peer’s filings — without carefully considering whether the information continues to be required or is material. But such an approach to drafting SEC

filings can result in a disclosure death spiral that benefits neither companies nor their shareholders.

To be certain, the Commission, through its rules, can create an environment for companies to provide investors with material disclosures without tacking on burdensome immaterial information — but we cannot force companies to take advantage of such conditions. Rather, they must own responsibility for the volume, clarity, and substance of the information in their filings. To put it plainly to this group, the buck stops with you.

Now, reforming Regulation S-K and the broader disclosure regime is just one area of focus to make going and staying public more attractive. At the same time, we are also rethinking Rule 14a-8 and the shareholder proposal system.

To put it mildly, this past shareholder proposal season was a unique one for both companies and shareholder proponents alike. Last November, the Division of Corporation Finance announced that it would not respond to companies' no-action requests during the 2025-2026 proxy season, other than requests submitted under Rule 14a-8(i)(1).¹⁰ Much to my surprise, the Division did not receive a single request under paragraph (i)(1).

Following the Division's announcement, some skeptics predicted that companies might systematically exclude most or all proposals that they receive. Others, meanwhile, cited litigation risk or adverse recommendations from proxy advisors as reasons why companies might include proposals that they believed were excludable under Rule 14a-8.

Nearly eight months later, it is clear that neither of these dire predictions materialized, and I am happy to report that the world did not end simply because the Commission staff stopped responding to no-action requests. As one law firm recently reported, "Despite the heightened drama of the 2026 shareholder proposal season...the year-over-year trends remained largely consistent with the prior year."¹¹ Another service provider noted that "the overall proposal omission rate is on track to closely mirror 2025 levels despite the procedural changes and heightened litigation risk."¹²

While there were six lawsuits filed against companies for excluding a proposal, they represent but a small fraction of the overall proposals excluded.¹³ I also find it worth noting that one of these lawsuits was resolved in the company's favor while three were settled. Furthermore, adverse recommendations from proxy advisors in connection with companies'

exclusions of proposals this season were rare.¹⁴ Finally, several investor groups said that their engagement with companies this season increased and, as a result, they were able to resolve proposals without the Commission staff serving as an intermediary.¹⁵

These statistics and anecdotes may not be representative of every company's experience, and I do not doubt that this season was challenging for some. But my greatest takeaway is that the Commission staff's interposition between companies and shareholder proponents is unnecessary to effectively and efficiently resolve whether shareholder proposals should be included in proxy statements.

Consider the significant time and costs expended by the SEC in prior proxy seasons that have been avoided this season. It is difficult for me to order our talented staff to return to a tedious, and evidently ineffectual, task in future years when so many other vital filings and issues lie unattended awaiting a delayed resolution. That is certainly not good government, nor public service.

The staff's absence this season did not create the chaos that many feared. Markets — including the market for corporate governance — are more resilient and self-correcting than some give them credit for. The system — when left to function without regulators calling balls and strikes — functioned as it should, impelling companies and shareholders to engage with one another directly. Ultimately, this season proved both a turning point and a proof of concept.

In a sense, the Division's decision to not issue non-binding no-action letters was akin to removing the training wheels from the shareholder proposal bicycle. Over the years, companies and shareholder proponents have grown all too comfortable leaning on that support simply because it was there — not because they needed it. As it turns out, both can pedal just fine on their own.

Companies, their shareholders, and their respective advisors make difficult judgement calls all the time — largely without no-action letters or staff guidance — on many federal securities law issues, such as whether information is material, whether someone is an affiliate, or whether a communication is a solicitation. Applying Rule 14a-8 should be no different. For example, to omit a proposal pursuant to the "ordinary business" exclusion under paragraph (i)(7), companies do not need a no-action letter to reasonably conclude that what was once extraordinary — and perhaps constituted a significant social policy issue — may now be treated as ordinary.

Beyond the Commission staff's role in the Rule 14a-8 process, the SEC is also holistically evaluating the rule itself. I have long considered the relationship between Rule 14a-8 and state corporate law. In my final speech as a then-Commissioner in 2008, I stated the following:

Some would argue — and perhaps correctly — that the SEC's Rule 14a-8 on shareholder proposals inappropriately infringes upon state laws that govern the relationships among shareholders and between shareholders and the corporations that they own.

...

Despite the presence of Rule 14a-8, the Commission would be wise to continue to respect the principles of federalism and avoid the temptation to exceed the limitations on its authority delegated by the Congress.¹⁶

Since the Commission first adopted Rule 14a-8's predecessor in 1942,¹⁷ it has amended the rule on numerous occasions. These amendments added bells and whistles that have increased the rule's complexity, but they have not given serious consideration to a more fundamental question — what is the federal government's appropriate role in regulating shareholder proposals?

As the SEC under my Chairmanship evaluates Rule 14a-8 in this light, I maintain my conviction that the Commission's authority to prescribe rules "in the public interest"¹⁸ is not plenary, as some glibly assert. Government agencies may not add to their powers by adverse possession; longevity is not a substitute for legal authority.

Regardless of the fate of Rule 14a-8 next season and beyond, I implore all who have a role in the shareholder proposal process to not let it be weaponized by those who represent fringe interests. Annual meetings are not vehicles for political or social debates that have little or no bearing on investors' financial returns.

In this endeavor, companies have mechanisms at their disposal to help them fight for themselves — on behalf of those shareholders that represent the strong majority. But if companies remain lackadaisical and refuse to pick up the substantial tools that we have laid on the table to help them do so, then I do not know what more we can do to intervene in their stead in the years to come.

Likewise, I also call on States that are competing to become — or remain — the leading destination for corporate domestication to ensure that their corporate

laws do not enable the politicization of shareholder meetings.

Finally, I repeat a warning that I gave in that 2008 speech: “[W]e must be vigilant that the shareholder proposal process does not result in the tyranny of the minority.”¹⁹ This past season, *one* — yes, one — individual was the sole or lead proponent for approximately 41 percent of the shareholder proposals that were voted upon.²⁰ Of this individual’s proposals, only eight percent received majority support.²¹ Simply put, when a single shareholder can seize annual meetings to present scores of proposals on issues that are not generally supported by other shareholders, the system is woefully ineffective and in desperate need of reformation.

Now, let me close with the theme that animates each issue and aim that I have outlined today: the enduring strength of our markets comes not from expanding government’s reach, but from enshrining the principles that have guided our nation since its inception. Reforming our disclosure regime and reevaluating the shareholder proposal process are, at their root, both expressions of that same resolve.

As we work toward this end, we realign our markets with their most fundamental purpose — and with our Founders’ first principles — which is to empower American citizens, to enable enterprise to flourish without unnecessary friction, and to help capital flow more freely to its highest and best use.

So, I am grateful, once again, for the opportunity to join you today. And Keir, I look forward to our discussion ahead.

¹ TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438, 448-49 (1976).

² Id. at 449.

³ See also Commissioner Hester M. Peirce, The Art and Science of Materiality (March 19, 2026) (“While it is not unreasonable to consider non-economic factors when investing, a person is an investor because she does consider economic returns. She may be thinking about other things too, but the common element of investor status derives from her consideration of economic returns.”), available at <https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-sec-speaks-031926> (<https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-sec-speaks-031926>), and Commissioner Elad L. Roisman, Can the SEC Make ESG Rules that are Sustainable? (June 22, 2021) (“So, while

any given shareholder may have bought securities for reasons other than or in addition to making money, it seems clear that a ‘reasonable investor’ is someone whose interest is in a financial return on an investment.”), available at <https://www.sec.gov/newsroom/speeches-statements/can-sec-make-esg-rules-are-sustainable> (<https://www.sec.gov/newsroom/speeches-statements/can-sec-make-esg-rules-are-sustainable>).

- 4 Chairman Paul S. Atkins, Statement on Reforming Regulation S-K (Jan. 13, 2026), available at <https://www.sec.gov/newsroom/speeches-statements/atkins-statement-reforming-regulation-s-k-011326> (<https://www.sec.gov/newsroom/speeches-statements/atkins-statement-reforming-regulation-s-k-011326>).
- 5 Comments on Statement on Reforming Regulation S-K, available at <https://www.sec.gov/rules-regulations/public-comments/cll-15> (<https://www.sec.gov/rules-regulations/public-comments/cll-15>).
- 6 Society for Corporate Governance (Apr. 13, 2026), available at <https://www.sec.gov/comments/cll-15/cll15-748671-2315735.pdf> (<https://www.sec.gov/comments/cll-15/cll15-748671-2315735.pdf>).
- 7 See, e.g., Cooley (Apr. 16, 2026) at p. 3, available at <https://www.sec.gov/comments/CLL-15/cll15-754687-2323134.pdf> (<https://www.sec.gov/comments/CLL-15/cll15-754687-2323134.pdf>); Cravath (Apr. 13, 2026) at p. 3, available at <https://www.sec.gov/comments/cll-15/cll15-748672-2315736.pdf> (<https://www.sec.gov/comments/cll-15/cll15-748672-2315736.pdf>); Davis Polk (May 18, 2026) at p. 5-6, available at <https://www.sec.gov/comments/CLL-15/cll15-781667-2379094.pdf> (<https://www.sec.gov/comments/CLL-15/cll15-781667-2379094.pdf>); and Sullivan & Cromwell (Apr. 13, 2026) at p. 2-4, available at <https://www.sec.gov/comments/cll-15/cll15-750069-2316795.pdf> (<https://www.sec.gov/comments/cll-15/cll15-750069-2316795.pdf>).
- 8 ABA Business Law Section (March 6, 2015) at p. 2-4, available at <https://www.sec.gov/comments/disclosure-effectiveness/disclosureeffectiveness-32.pdf> (<https://www.sec.gov/comments/disclosure-effectiveness/disclosureeffectiveness-32.pdf>).
- 9 See, e.g., *supra* note 7.
- 10 Division of Corporation Finance, Statement Regarding the Division of Corporation Finance's Role in the Exchange Act Rule 14a-8 Process for the Current Proxy Season (Nov. 17, 2025) (“Division Statement”), available at <https://www.sec.gov/newsroom/speeches-statements/statement-regarding-division-corporation-finances-role-exchange-act-rule-14a-8-process-current-proxy-season> (<https://www.sec.gov/newsroom/speeches-statements/statement-regarding-division-corporation-finances-role-exchange-act-rule-14a-8-process-current-proxy-season>).

- 11 Cooley, 2026 Shareholder Proposal Season Early Review and Look Ahead to 2027 (June 5, 2026) (“Cooley Article”), available at <https://www.cooley.com/news/insight/2026/2026-06-04-2026-shareholder-proposal-season-early-review-and-look-ahead-to-2027> [.\(https://www.cooley.com/news/insight/2026/2026-06-04-2026-shareholder-proposal-season-early-review-and-look-ahead-to-2027\).](https://www.cooley.com/news/insight/2026/2026-06-04-2026-shareholder-proposal-season-early-review-and-look-ahead-to-2027)
- 12 ISS-Corporate, Governance Proposals Dominate the 2026 Proxy Season (July 6, 2026), available at <https://www.iss-corporate.com/resources/blog/governance-proposals-dominate-the-2026-proxy-season/> [.\(https://www.iss-corporate.com/resources/blog/governance-proposals-dominate-the-2026-proxy-season/\).](https://www.iss-corporate.com/resources/blog/governance-proposals-dominate-the-2026-proxy-season/)
- 13 The six proposals subject to the lawsuits represent less than four percent of proposals for which companies notified the Division, pursuant to Rule 14a-8(j) and after the Division Statement, that they intended to exclude from their proxy materials.
- 14 See Cooley Article (“Notably, anticipated proxy advisor opposition to companies that unilaterally excluded shareholder proposals this season did not materialize, notwithstanding policy statements issued by Institutional Shareholder Services (ISS) and Glass Lewis indicating they would scrutinize companies’ Rule 14a-8(j) exclusion notices. Adverse vote recommendations on that basis were virtually nonexistent, with proxy advisors generally deferring to companies’ judgments where companies provided substantive explanations in support of the exclusion.”).
- 15 See Drew Hutchinson, Shareholders Surprised by Company Engagement Post-SEC Fight (March 6, 2026) (“[S]everal investor groups say they’ve reached more behind-the-scenes agreements with companies on policy initiatives ahead of [annual] meetings than in previous years. Others say companies are scheduling more meetings and approaching conversations with increased willingness to work things out.”), available at <https://www.bloomberglaw.com/product/blaw/bloomberglawnews/bloomberg-law-news/XE446PI4000000> [.\(https://www.bloomberglaw.com/product/blaw/bloomberglawnews/bloomberg-law-news/XE446PI4000000\).](https://www.bloomberglaw.com/product/blaw/bloomberglawnews/bloomberg-law-news/XE446PI4000000)
- 16 Commissioner Paul S. Atkins, Shareholder Rights, the 2008 Proxy Season, and the Impact of Shareholder Activism (July 22, 2008) (“July 22, 2008 Speech”), available at <https://www.sec.gov/news/speech/2008/spch072208psa.htm> [\(https://www.sec.gov/news/speech/2008/spch072208psa.htm\).](https://www.sec.gov/news/speech/2008/spch072208psa.htm)
- 17 Release No. 34-3347 (Dec. 18, 1942) [7 FR 10655 (Dec. 22, 1942)].
- 18 U.S.C. 78n(a).
- 19 July 22, 2008 Speech.
- 20 Data was compiled by Proxy Analytics LLC. Data is for companies included in the Russell 3000 Index and that held their annual meeting between July 1, 2025 and June 30, 2026.

- 21 Id. The percentage of proposals receiving majority support is calculated based on votes cast.

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