

Advocacy's Comments on SEC's Proposed Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure

On March 23, 2022, the U.S. Securities and Exchange Commission (SEC) published proposed rules that would enhance and standardize disclosures regarding cybersecurity risk management, strategy, governance, and cybersecurity incident reporting by public companies. On May 6, 2022, the Office of Advocacy (Advocacy) filed a comment letter encouraging SEC to publish a Supplemental Initial Regulatory Flexibility Analysis (IRFA) and allow additional time for public comment.

Advocacy made the following suggestions:

- SEC should revise its IRFA to provide information that would better identify and describe the distribution of regulated small entities. SEC should include North American Industry Classification System classifications for the affected entities and provide a breakdown of those entities into smaller size groups.
- SEC should use the detailed information described above to analyze the relative impact of the costs of the proposed rules to small entities based on their size. This would help SEC understand the cost burden faced by the smallest regulated entities.
- SEC should include a description of significant alternatives to the proposed rules which accomplish its objectives for the rulemaking. SEC should provide a detailed analysis of each potential alternative and discuss how that alternative may reduce the economic burden on small entities.

A complete copy of [Advocacy's letter to SEC](#) is available. For more information please contact Meagan Singer, Assistant Chief Counsel at meagan.singer@sba.gov or (202) 921-4843.

