



Directors Quarterly

Insights from the Board Leadership Center

Q2 2026



Decision-making in an AI era

As companies continue to face economic and geopolitical uncertainty, rapid technological change and disruption, and shifting workforce needs and expectations, leaders need to stay focused on disciplined decision-making. As we heard at our 2026 Board Leadership Conference, data and AI can augment, not replace, human judgment, and context, nuance, and lived experience remain indispensable—especially in high-stakes business and board decisions.

In this edition, we explore ways directors can deepen their engagement in strategy, including how lead directors and independent chairs can help foster processes and practices that support constructive boardroom conversations.

Michael Mauboussin, head of Consilient Research for Counterpoint Global, a unit of Morgan Stanley Investment Management, shares his views of how boards and management can sharpen capital allocation decisions to drive long-term value as investment shifts toward intangibles and AI.

As regulatory divergence accelerates across areas such as AI, cybersecurity, data privacy, climate, and trade, we discuss why boards should view that fragmentation as a strategic and governance challenge, not just a compliance issue.

For audit committees, we highlight financial reporting and auditing developments that companies should be monitoring, including the Supreme Court's tariff ruling, evolving SEC priorities, and US and international sustainability reporting developments.

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Elevating strategy discussions in the boardroom



While management is responsible for developing the company’s strategy, the long-held view that the board’s role is limited to reviewing and concurring with the strategy has given way to deeper engagement. The increased involvement by boards in strategy development accelerated during the COVID-19 crisis, and it continues to intensify as companies face an unprecedented combination of uncertainties, risks, and disruptions related to the economy, tariffs, trade, geopolitics, regulatory changes, cybersecurity, AI, digital assets, and more.

Based on our ongoing work and discussions with board leaders (defined here as lead directors and independent chairs),¹ [Elevating strategy in the boardroom](#) provides fresh insights in several areas, including envisioning the future, strategic forecasting and scenario planning, resilience, and linking strategy and risk discussions.

While the nature of the board’s engagement in strategy—and the lead director or independent chair’s role and approach, from active leadership to lighter touch—will vary by company, three areas of board focus are pivotal:

-  Setting expectations
-  Building consensus on strategic direction
-  Planning the setup and staging of strategy discussions

In addition, our discussions highlighted elements and practices that are key to quality boardroom discussions about strategy:

-  Devoting more time to envisioning the future and scenario planning
-  Insisting on diverse thinking and counterviews
-  Making risk, crisis planning, and resilience part of the strategy discussion
-  Board governance structure

Taken together, the insights and practices highlighted in this paper can help the board enhance its engagement in the strategy process, including supporting critical calibrations and pivots as conditions change.

Read [Elevating strategy in the boardroom](#).

Also, register for our April 23 KPMG BLC Quarterly Webcast, [Calibrating the board’s engagement in strategy](#).

¹ Discussions held under the Chatham House Rule.

Capital allocation in a changing investment landscape



Michael Mauboussin, head of Consilient Research for Counterpoint Global, a unit of Morgan Stanley Investment Management, has spent nearly four decades analyzing capital markets and investments. His work focuses on identifying key factors in decision-making for both investors and managers, including how internal and external factors impact a company's ability to drive long-term value per share. Mauboussin recently wrote about the breadth of capital allocation decisions facing companies and shared insights on how investors and boards can better evaluate a management team's capital allocation skills.

The KPMG BLC caught up with Mauboussin to discuss his research and how capital allocation discussions are changing in the current business environment.

BLC: In your paper,¹ you highlight five principles of capital allocation. Which two or three principles would you emphasize in today's business environment? How are capital allocation discussions today different than a few years ago?



Michael Mauboussin: The first would be the idea that executives should constantly evaluate opportunities with fresh eyes. Academic research reveals that companies would do better if they shifted resources among divisions more actively than they do and, relatedly, that financial executives are conservative by nature.

Next, I would say that it is useful to have a sense of value for all businesses and financial strategies, and executives should be willing to act when large gaps between price and value appear. For example, companies should have a sense of the fair value of their stock and be willing to buy or sell it, as constraints allow, when appropriate.

The biggest issue with capital allocation decisions today is that the nature of investment has changed. Historically, tangible investments were larger than intangible investments on company balance sheets.

But that has reversed in recent decades. Importantly, tangible and intangible investments differ in both their accounting and strategic implications. But the core of effective capital allocation—get more than what you pay for—remains the same.

I would also add that there remains a lot of confusion about buybacks and dividends among investors, companies, and others—notably politicians. Understanding the issues that surround shareholder payout policy has never been more important.

BLC: What do you mean by zero-based capital allocation?

MM: The zero-based approach basically dictates that managements, and boards, consider the right amount of capital and proper number of people a business should have to support the strategy that creates the most value.

For example, the manager of a portfolio of stocks should ask every day if that group of stocks offers the best opportunity for attractive returns. Likewise, the manager of a collection of businesses should ask if the units are realizing their potential and what changes might add value.

¹ Michael J. Mauboussin and Dan Callahan, CFA, "Capital Allocation: Results, Analysis, and Assessment," Morgan Stanley Investment Management, November 5, 2025.

Five Principles of Capital Allocation

1. Zero-based capital allocation:

Start each planning cycle from a clean sheet; fund (or shrink) units based on forward value, not history. Expect pushback, push through inertia.

2. Fund strategies, not projects:

Approve strategy first; then select the bundle of projects that maximizes strategic value—even when some single project internal rates of return look low (or high) in isolation.

3. Avoid capital rationing, but earn sufficient returns on the capital you use:

Capital is accessible but not free—whether internal cash, debt, or equity. Demand returns above the cost of capital, including the cost of stock-based compensation.

4. Zero tolerance for bad growth:

Invest to learn, then quit fast when odds of value creation drop.

5. Know the value of assets and be ready to take action to create value:

An informed view of value and price allows management to do the right thing at the right time.

Adapted from Counterpoint Global Insights, "Capital Allocation: Results, Analysis, and Assessment," Morgan Stanley Investment Management, November 5, 2025.

The challenge is there is a lot of inertia—economists call it the “status quo bias”—which means the natural tendency is to keep doing what you are doing. Zero-based capital allocation is an attempt to address that tendency.

BLC: You emphasize funding strategies rather than funding projects (i.e., grouping related initiatives into “strategy bundles”). What challenges do boards and executive teams face in determining the optimal bundle of projects?

MM: Michael Porter, a well-known professor of strategy, famously said that the essence of strategy is choosing what not to do. Strategy is about coming up with a value proposition that is different, supported by a value chain, and inevitably includes trade-offs that make a company stand apart from its competitors.

Projects, then, become a means to support a strategy. What is important is that a good strategy may include some projects that do not appear to pass the net present value test (they are often in the form of options) but still support the strategy. But “good” projects can still be embedded in poor strategies.

The key here is to properly define a strategy and focus on what it takes to support it. In my views, few companies have a clear view of strategy; most of what they discuss are tactics.

BLC: As spending tilts from tangible capex to intangibles like software, data, brand, and other intellectual property, how should companies adapt their capital allocation frameworks and processes?

MM: Start by understanding that investments can show up on the income statement as well as the balance sheet. Take a subscription business as an example. Customer acquisition costs are generally expensed, but the benefit from serving the customer comes over time. So even if customer lifetime value is terrific, it may show up as a loss in the near term. It's essential to understand the unit economics.

Next, when analyzing selling, general, and administrative (SG&A) expense, it is useful to distinguish between maintenance and investment spending. Maintenance is what the company needs to spend to maintain its current position (say, in sales or market share), and investment is in pursuit of value-creating growth.

In my experience, most companies don't have a clear sense of that breakdown, but that awareness is useful for capital allocation.

Finally, intangible assets can have different characteristics than tangible ones—some good and some bad. For example, intangible assets can often enjoy the benefits of economies of scale because the upfront fixed cost is high but the incremental variable cost is low. Think software.

But intangible assets can be hard to protect and don't retain much value if they fail to meet the market's needs or become obsolete. In our work, we find that the intangible-intensive industries have more extreme winners and losers, measured using return on invested capital, than tangible-intensive industries.

BLC: Capital spending across the AI value chain has grown rapidly—from hardware and data centers to software and services. How do you think about what's going on in the current environment in terms of helping management and boards identify how aggressively to pursue an investment?

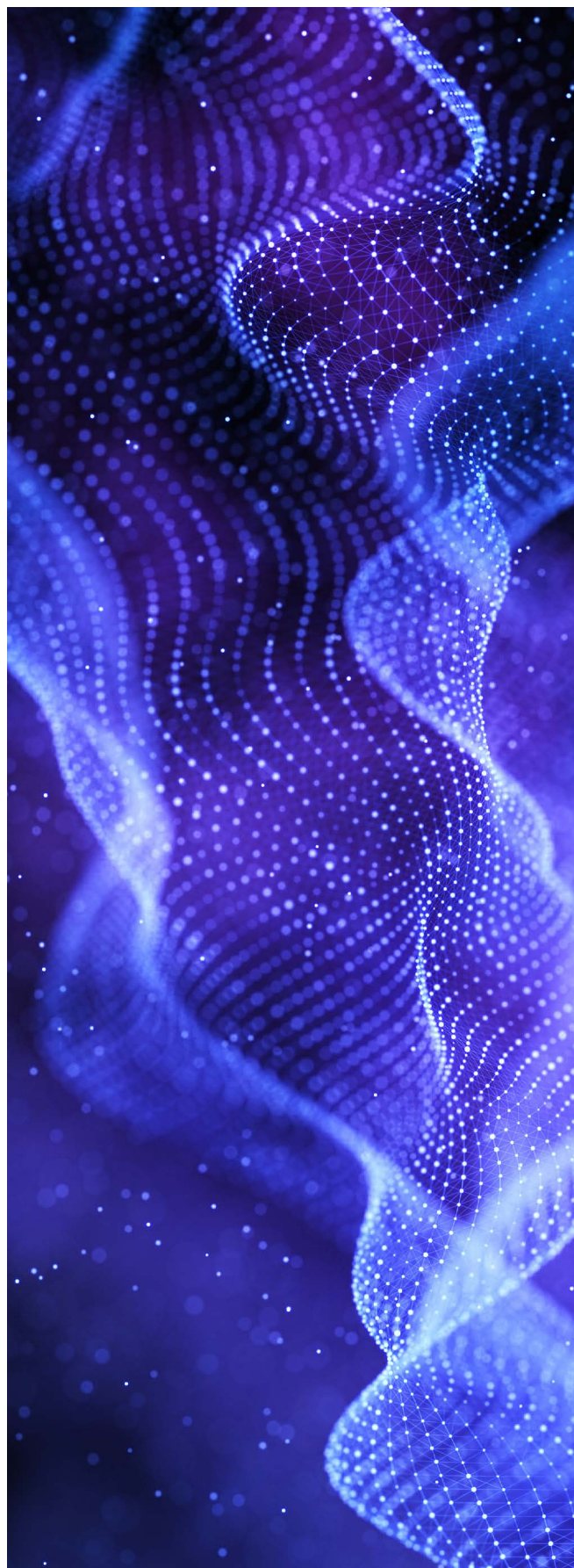
MM: This issue needs to be considered from the points of view of finance and strategy. They are related, of course.

Net present value is the golden rule of capital allocation. It says that the present value of future cash flows should exceed the investment required to generate those cash flows. We know the investment part is large and rising, as reflected in the capital expenditure commitments of the hyperscalers and other AI-related companies. That means that the anticipated cash flows must be large and rising as well. The encouraging sign is that the new supply from hyperscalers is going to satisfy the demand that currently exists. But it's not just revenue that matters, it's ultimately profits.

This mindset extends to assessing the effectiveness of AI-related investments for any company. The question is whether the spending on AI will lead to higher cash flows.

The strategic part has to do with how to compete. We now have a handful of powerful generative AI models, each of which has been expensive to build and maintain. As industries mature, it is extremely rare to have lots of winners, especially in products that serve similar functions.

To some degree the return on investment for many large technology companies comes down to what their competitors do. If all companies spend at a breakneck pace, it will be hard for any of them to generate an attractive return. However, companies that choose not to spend may miss out on developing technology they deem vital to compete effectively. It is a classic challenge in the realm of game theory.



Operational effectiveness measures how well a company does the activities it has in common with its competitors. This is not supposed to be a source of advantage. But research shows companies vary in their ability to execute on operational effectiveness, leading to substantial difference in financial performance. How well companies integrate AI will separate winners and losers.

BLC: In assessing whether a management team is truly skilled at capital allocation, what are the most telling metrics or patterns in the data that you would look at (e.g., ROIC, incremental returns, M&A track record, etc.) and over what time horizon?

MM: First, look for a management team that thinks well about capital allocation and acts with discipline. The correct answer to nearly every question about capital allocation is, “it depends.” Is buying back stock good or bad? It depends. Is an M&A deal attractive? It depends. And knowing what it depends on, which is almost always value versus price, is the key skill.

In my experience, some executives have a North Star for value creation. They just get it. Others do not. Warren Buffett, the chairman of Berkshire Hathaway, has said many times that the skills that get a person into the role of CEO may not include capital allocation, and capital allocation is the CEO’s number one job. So, there can be a mismatch between skills acquired and skills required.

Return on invested capital, incremental return on invested capital, and M&A track record are all important, but any one accounting measure has limitations. Ultimately, we want to know that investments bring in more cash over time than they cost.

A couple of final thoughts. Executives—and investors—make mistakes. That happens. The important thing is to mitigate the impact of mistakes and move on. It is a sin of capital allocation to throw good money after bad.

Further, executives like to grow and don’t like to shrink. But there’s a lot of evidence that divestitures and retiring shares at attractive prices can add value. It is more natural for most executives to want to buy rather than to sell businesses. Going against the grain in that way can add value.

Time horizon is important. But the long term is an aggregation of short terms. Executives should try to do well in both. Warren Buffett has argued that it is essential for executives to make decisions that widen the economic moat around the business, but managers are sometime tempted to shortchange investments that would strengthen the business in the long haul to meet short-term objectives. Creating shareholder value is about allocating resources to generate strong cash flows over time. It’s not about managing short-term earnings to get a perceived short-term benefit.

Questions for boards as they assess management’s capital allocation process and performance

- How does the company’s allocation of capital align with and advance its strategic priorities? Is management appropriately incentivized?
- Does management have a robust capital allocation process, including the right leadership, talent, and data?
- Are we sensitive to possible biases in the capital allocation process? How does board gain confidence that capital is going to the highest and best use for the company’s long-term strategic plan?
- How does the company measure its cost of capital, as well as the availability of capital? How flexible or resilient is the balance sheet?
- Do we have the right controls and metrics to enable the board to oversee management’s capital allocation decisions and monitor its performance?

Source: KPMG BLC

Financial reporting and auditing update



Supreme Court overturns IEEPA tariffs; Assessing the ripple effects

In a significant development for companies affected by tariffs imposed under the International Emergency Economic Powers Act (IEEPA), the US Supreme Court on February 20 ruled that IEEPA does not authorize the president to impose tariffs. While the ruling brings long-awaited clarity on the legality of these tariffs, it did not address refunds and, as a result, there is uncertainty about whether all companies that paid IEEPA tariffs may be entitled to refunds.

On March 4, the Court of International Trade (CIT) ordered the Trump administration to begin refunding all tariffs imposed under IEEPA. Although the Administration is working on a refund mechanism as ordered by the CIT, it is expected that the Administration will likely appeal the CIT order to limit the scope of refunds. Some arguments may include the CIT lacking authority to require universal refunds.

Subsequent events analysis

For companies that have not issued financial statements as of February 20, 2026, we believe it is acceptable to treat the Supreme Court's decision as a nonrecognized (Type 2) subsequent event evaluated under Topic 855 (subsequent events). Because the ruling reflects conditions arising after the balance sheet date, companies would not adjust previously reported amounts, though disclosure is required if the effects are material or if omission would mislead financial statement users.

Accounting for tariff refunds

We believe it is appropriate to apply a loss recovery model to account for potential tariff refunds from the government. Under this model, the amount recognized is limited to the amount of IEEPA tariffs incurred for which recovery is probable. Probable is a high threshold, as defined in Topic 450 (contingencies) and there is a rebuttable

presumption that realization of a claim is not probable when the claim is subject to dispute. Subsequent events may also be relevant in assessing whether recovery was probable as of the reporting date. Companies should monitor developments closely and significant judgment may be required in evaluating whether and when the probable threshold will be met. The Administration may dispute refunds for some claims which may affect a company's probability assessment.

However, the loss recovery model does not apply to other estimates in the financial statements where anticipated tariff changes are considered (e.g., impairment assessments or estimates to complete an over-time customer performance obligation).

For more details regarding the subsequent events analysis and accounting for tariff refunds, see the [Q1 2026 KPMG Quarterly Outlook](#).

SEC previews its upcoming priorities

In a February 13 [statement](#), SEC Division of Corporation Finance Director James Moloney previewed a sequenced regulatory agenda, identifying the Division's near-term priorities as crypto asset reform and implementing the Holding Foreign Insiders Accountable Act (HFIA Act), followed by potential changes to periodic reporting frequency and broader efforts to streamline Regulation S-K disclosures. The remarks signal an accelerated push to reduce disclosure burdens while preserving investor protection and facilitating capital formation.

Focus areas

- **Crypto assets and market clarity:** The Division identified crypto assets as a leading priority, with [recommendations](#) issued March 17 to provide a clear taxonomy for crypto assets and guidance on when a crypto asset is, or is no longer, part of an investment contract. For crypto assets that remain subject to securities laws, the Division is also preparing a proposal to establish a more structured framework for offerings and sales. The SEC emphasized continued use of interpretive guidance and no-action letters to address market innovation.
- **HFIA Act and foreign private issuer matters:** Following enactment of the HFIA Act and since Moloney's February 13 statement, the SEC has issued [final rules](#) under amended Section 16 of the 1934 Exchange Act implementing the new reporting requirements for directors and officers of foreign private issuers (FPIs). The amendments to the Exchange Act eliminate the longstanding Section 16 exemption for FPIs and formally establish the March 18, 2026 compliance date. With rulemaking now complete, remaining activity in this area focuses on the SEC staff's ongoing review of comments on recent concept releases related to FPI eligibility and asset-backed securities disclosure.
- **Semiannual reporting considerations:** The SEC is prioritizing formal rulemaking to evaluate a potential shift from mandatory quarterly reporting to a semiannual reporting option. The Division emphasized that a one-size-fits-all approach is not expected and is seeking input from companies and investors on how such a transition could be structured and what effects it may have.
- **Regulation S-K and disclosure modernization:** The Division is undertaking a comprehensive review of Regulation S-K, with the stated goal of refocusing disclosure requirements on material information and reducing immaterial or duplicative disclosures. The SEC is actively soliciting targeted, data-driven public input covering both Regulation S-K and Regulation S-X, building on earlier efforts to reassess executive compensation disclosures.

- **Staff guidance, disclosure review, and shareholder proposals:** Beyond formal rulemaking, the Division expects to issue continued staff-level guidance—and in some cases, no-action letters—across a range of topics, including tender offers, spinoffs, beneficial ownership reporting and crypto assets. The Disclosure Review Program is working through elevated filing volumes following the 2025 government shutdown, with processing times trending back toward normal. Separately, the SEC has paused its shareholder proposals task force due to resource constraints, leading to varied approaches by companies and proponents, including increased use of no-objection requests. Meanwhile, the Commission has on its agenda to modernize the shareholder proposal rule; the Division is preparing recommendations for consideration.

While the February 13 statement does not introduce immediate reporting changes, it suggests that significant SEC rulemaking activity is forthcoming. Companies should closely track 2026 developments and evaluate potential implications to disclosure, controls, and compliance readiness.

SEC appoints new chairman and Board Members to the PCAOB

The SEC [appointed](#) Demetrios (Jim) Logothetis as Chairman of the PCAOB effective February 10, 2026. Mark Calabria, Kyle Hauptman, and Steven Laughton were also appointed as Board Members of the PCAOB on January 30, 2026. George Botic will continue his service as a Board Member.

In announcing the appointments, SEC Chairman Paul Atkins stated that the new PCAOB leadership is expected to refocus the organization on its core statutory mission of protecting investors and overseeing audit quality, emphasizing sensible and efficient oversight of auditors.

Sustainability reporting

US developments

In February, the California Air Resources Board (CARB) voted to approve the initial regulation to implement the state's climate laws. The regulation establishes key definitions and fee calculations that underpin the scoping of SB-253 (greenhouse gas (GHG) emissions) and SB-261 (climate risks). The deadline for first SB-253 reporting has been set as August 10, 2026. The final step in the process is for the final rulemaking package to be submitted to the Office of Administrative Law for review and approval.

In March, CARB staff hosted its first workshop focused on SB-253 reporting from 2027 onwards, including Scope 3 reporting phase-in options, GHG accounting approaches, and assurance frameworks. [Read more.](#)

In December 2025, the New York State Department of Environmental Conservation adopted a mandatory GHG reporting program that requires certain entities to report specified GHG emissions and related data annually. 2026 reporting is due by June 1, 2027. In addition, a proposed bill that would require GHG emissions reporting (similar to California's SB-253) was reintroduced in the New York State legislature. [Read more.](#)

European Union (EU) developments

The EU has finalized changes to the Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence Directive, including revised thresholds and reporting requirements. As a result, the scope of reporting is significantly reduced. EU member states have 12 months to transpose the changes into national law. [Read more.](#)

International developments

As companies begin to report under IFRS® Sustainability Disclosure Standards (see, for example, early observations from [Australia](#)), the International Sustainability Standards Board (ISSB) has begun work on proposals for nature-specific requirements and guidance that build on the Taskforce for Nature-related Financial Disclosures framework. [Read more.](#)

GHG Protocol

The GHG Protocol has released its Land Sector and Removals Standard, which introduces new guidance for land-based activities such as agricultural production and the purchase, consumption or sale of agricultural products. The standard introduces amendments to both the Corporate and Scope 3 Standards, with an effective date of January 1, 2027. [Read more.](#)

For more details about these and other issues potentially affecting companies and boards in the current period or near term, see the [Q1 2026 KPMG Quarterly Outlook](#).

Regulatory fragmentation: From anomaly to strategic focus



By Patrick A. Lee

Increasing regulatory divergence and fragmentation in areas such as AI, cybersecurity, data privacy, and climate and other sustainability issues are driving risk, compliance, and operational challenges for US multinational companies.

Once the exception, regulatory fragmentation across federal, state, and global jurisdictions has become a defining feature of the global business environment, directly impacting decisions on where to grow, how to structure products and data, and how to design governance and control frameworks that can withstand shifting and misaligned rules and regulations.

As such, boards should help ensure the company is addressing this challenge strategically rather than treating it as a siloed compliance issue by integrating it into core strategy, risk, and governance processes and frameworks.

Regulatory patchwork and pitfalls

Industries that sit at the intersection of heavy regulation and rapid innovation, including financial services, large technology or digital platforms, energy and extractives, and globally integrated manufacturers and supply-chain intensive sectors, will be most affected by regulatory divergence and fragmentation in the following key areas:

- **Climate and other sustainability disclosures.**

While the SEC's climate rule is a thing of the past, many companies will be subject to evolving California, EU, and ISSB regulations. There is significant divergence among US federal, state, and global climate and sustainability frameworks, requiring companies to navigate conflicting or nonaligned disclosure, target setting, and transition planning expectations.

- **Data privacy and AI.** Many companies must reconcile the data privacy and consumer protection requirements of both the EU's and the United Kingdom's General Data Protection Regulation, as well as a growing set of US state privacy laws, each with different requirements that are driving region-specific data architectures and governance. At the same time, AI rules are fragmenting across the EU AI Act and US state AI and automated decision-making laws, such as hiring, credit, and underwriting, forcing companies to run multiple risk classifications, documentation standards, and model governance processes.
- **Cybersecurity and critical infrastructure.** Multiple federal, state, and foreign regimes are imposing overlapping security, incident reporting, and sector-specific requirements that companies and critical infrastructure operators must reconcile. Financial services, healthcare, energy, and large technology providers are particularly exposed.
- **Trade, sanctions, and geopolitical risks.** Frequently changing US tariffs, export controls, and sanctions—especially those targeting strategic technologies and certain countries—interact with differing regimes in Europe and Asia, forcing multinationals into increasingly fragmented product, supply chain, and investment configurations.
- **Financial and digital markets.** Digital assets and broader capital formation rules sit in a fragmented global environment. As discussed in [Ten Key Regulatory Challenges of 2026](#), regulatory divergence and the need to “balance the regulatory stack” will be vital as firms try to innovate while staying aligned with core prudential conduct standards. While regulators

are moving from uncertainty and enforcement-only approaches to more structured frameworks for crypto assets, stablecoins, and tokenized payment instruments, expect uneven progress across markets, sectors, and regulators.

The board's role

To help ensure the companies they serve take a strategic approach to addressing the risks posed by regulatory divergence and fragmentation, boards should consider focusing on the following four key areas:

Management's structure and processes.

Assess whether the company manages regulatory fragmentation as a critical enterprise risk through an enterprise-wide structure versus a narrow compliance focus. Many multinationals form cross-functional regulatory teams with the risk, compliance, finance, and legal functions serving as the architects and integrators of how the company interprets, reconciles, and operationalizes overlapping federal, state, and global rules.

Each business unit and functional area designs and owns the day-to-day operation of controls in their respective domains. The finance function maintains responsibility for internal controls and, with management's disclosure committee, for disclosure controls and procedures. The internal auditor is also typically part of the cross-functional team. The goal is a collaborative structure that integrates compliance, operations, information technology, and business units to elevate regulatory risk beyond a siloed compliance effort.

Reports to the board and standing committees.

Boards should consider the adequacy of management reports to the full board and its standing committees. Does the board periodically, typically quarterly, receive a dashboard of enterprise-wide regulatory risks that shows the top areas of divergence, by jurisdiction and topic, trends, and linkage to strategic objectives and key performance metrics?

The dashboard should highlight where fragmentation is driving material operational, financial, or reputational risk. Directors should request a semiannual deep dive on key regulatory pressure points, such as AI, data privacy, cybersecurity, and sustainability, as well as how overlapping and conflicting requirements are rationalized in policies, controls, and reporting.



Boards may also consider asking management for an annual, enterprise-wide regulatory strategy review covering technology enablement, talent, and cross-functional coordination to monitor divergence and reporting obligations. Where regulatory intensity is high or increasing for a particular industry or jurisdiction, boards should expect updates at every regular board or committee meeting until the risks are addressed.

Clarifying board and committee oversight responsibilities. As discussed in [On the 2026 board agenda](#), defining and refining board and committee risk oversight responsibilities remains a challenge, particularly when multiple committees have oversight responsibilities for a category of risk, such as climate and sustainability, cybersecurity, generative AI, data privacy, compliance, talent, and culture risks. The board must clearly delineate the responsibilities of each committee.

To oversee risk effectively when the full board and two or more board committees are involved, boards should think differently about how to coordinate committee activities. For example, a board may establish a new committee comprising a member of each standing committee to oversee the particular category of risk and to help ensure coordination of the risk oversight activities of the other committees. Other approaches include periodic joint meetings of certain committees, overlapping committee memberships, and in all cases, ensuring robust reporting out by committees to the full board.

Monitoring the SEC's deregulatory agenda.

Boards should task management with monitoring the SEC's planned deregulatory actions and how they might impact the company's regulatory divergence and fragmentation risk profile.

In September 2025, the SEC outlined its regulatory priorities under Chair Paul Atkins.¹ In addition to an emphasis on crypto assets and facilitating capital formation, the priorities included proposed rulemaking that would simplify or streamline materiality-based disclosures, as well as the withdrawal of rulemakings on human capital management and board diversity disclosures. Atkins also confirmed that the SEC will propose a rule change which, if approved, would allow companies to continue reporting quarterly or switch to semiannual reports, in line with other jurisdictions, such as the UK and EU.²

Given the scope of the SEC's proposed deregulatory initiatives—and the implications for the company's earnings reports frequency, disclosure practices, internal controls, risk profile, compliance obligations, and shareholder engagement strategies—boards and audit committees should stay well-informed on the planned rulemakings and receive regular updates from management, legal counsel, and auditors about potential implications for the company.

Patrick A. Lee is a senior advisor with the KPMG BLC.

This article was originally published in NACD Directorship Magazine.

¹ Paul S. Atkins Statement on the Spring 2025 Regulatory Agenda, September 4, 2025.

² Matthew Kaplan, Paul Rodel, and Steven Slutzky, "The End of Quarterly Reporting in the United States?" Debevoise & Plimpton LLP, Harvard Law School Forum on Corporate Governance, October 5, 2025

Mark your calendar

KPMG BLC Quarterly Webcast

April 23, 11:00 a.m. ET

Join the KPMG BLC as we explore how boards are leaning further in on the strategy process as AI, geopolitical risk, and workforce transformation reshape the competitive landscape.

To register, visit watch.kpmg.us/BLCwebcast.

LCDEF 2026 BoardReady Institute

April 16–17, Boston, MA

Sponsored by KPMG LLP and others, the Latino Corporate Directors Education Foundation (LCDEF) BoardReady Institute offers a two-day program designed for aspiring board members and first-time directors.

To register, visit latinocorporatedirectors.org.

Revolutionizing Internal Controls Webcast

April 30, 11:00 a.m. ET

Join KPMG SOX Solutions Leaders for a look at how evolving external audit tools are influencing internal control practices and driving the need for modernization across all three lines of defense.

To register, visit kpmg.com.

June 2026 Quarterly Outlook Webcast

June 16, 11:30 a.m. ET—or June 17, 2:30 p.m. ET

In two sessions offered during the week of June 15, KPMG professionals will discuss the latest developments in the economy, AI, and financial reporting.

To register, visit kpmg.com.

Selected reading

2026 KPMG US CEO Outlook Pulse Survey *KPMG LLP*

Leveraging your board talent *HBS Working Knowledge*

On the board agenda: Navigating emerging risks *KPMG LLP*

Trends in CEO transitions *Spencer Stuart*

Shareholder questions about AI *Wilson Sonsini*

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