September 8, 2026

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

Re: SEC Release No. 34-106128; File No. SR-NYSE-2026-37
COALITION COMMENT LETTER OPPOSING THE PROPOSED RULE CHANGE TO AMEND SECTIONS 303A.00 AND 303A.07 OF THE NYSE LISTED COMPANY MANUAL

Dear Ms. Countryman:

The undersigned organizations write in opposition to the referenced proposed rule change, by which New York Stock Exchange LLC (NYSE) would extend, from one year to five years, the period within which a newly listed company must establish an internal audit function.[1] We come to this issue from different seats—as investors and those who advocate for them, as practitioners who build and lead assurance and risk management functions, and as advocates for the whistleblowers who depend on sound internal reporting channels—but we share one conviction: independent, ongoing assurance over a public company's risks and internal controls is foundational, and the proposal would defer it for half a decade. The Exchange itself does not dispute this and acknowledges that it "continues to believe" that a robust internal audit function is a "key component of sound corporate governance." It is a basic protection investors count on from the earliest days of a company's public life.

The internal audit listing requirement is a legacy of hard lessons. It was adopted as part of the NYSE's corporate governance reforms after the corporate failures of the early 2000s, and it serves a purpose no other safeguard duplicates: it gives the board and audit committee an objective, continuous view of how the company manages its risks and internal controls, spanning the full breadth of its operations and complementing the annual work of the outside auditor. Even when

[1] Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of a Proposed Rule Change To Amend Sections 303A.00 and 303A.07 of the NYSE Listed Company Manual, Exchange Act Release No. 34-106128, 91 Fed. Reg. 53,448 (Aug. 18, 2026).

the Exchange added the current one-year transition period in 2013, the Commission approved that delay only after noting that it was "limited in duration" and that that every company would still have the function within one year after listing.[2] A five-year absence is neither limited nor prompt. And a young public company does not need less of this assurance than a mature one. It needs it at a time when systems, controls, and governance practices are still being built and decisions are being made that will shape the company for years—and when its risks, operational, technological, and financial, move faster than any annual reporting cycle.

The proposal's premise is that other protections fill the gap. For the very companies it affects, they do not. Most newly listed companies are exempt from the Sarbanes-Oxley auditor attestation over internal control for up to five years after their initial public offering . The Commission is also currently proposing to limit that attestation to large accelerated filers, a status no company can reach until it has five years of reporting history, which would exempt every newly public company for its first five years.[3] Under the proposal, such a company could trade on the Exchange for five years with no internal audit function and no independent attestation over its internal controls, while its audit committee—the safeguard the Exchange invokes—is deprived of its own independent, management-facing assurance function and left to rely far more heavily on the representations of the management it oversees. Directors' fiduciary obligations to oversee financial reporting and risk do not pause during a transition period; the proposal would ask the boards of newly listed companies to carry those obligations for five years while withholding an assurance function on which directors reasonably rely. Even where those protections apply, they reach only internal control over financial reporting; they say nothing about the cybersecurity, emerging technology, supply-chain, and operational risks that internal audit covers and that can damage a young company as surely as a financial misstatement.

Nor is the current one-year requirement the burden the filing assumes. The Exchange's own rule permits the function to be outsourced, and newly listed companies routinely comply by appointing an internal audit leader and engaging a co-sourced or outsourced provider, or by fielding a small in-house team scaled to their risks. Signatories to this letter have established, led, and overseen these functions, including at newly public companies, and our experience is consistent: internal audit is a high-value, cost-effective protection, and proportionate models make the requirement workable for companies of every size at the time of listing. The Exchange, notably, offers no data suggesting otherwise: the filing identifies no affected population, quantifies no burden, does not estimate any short-term cost savings, and analyzes no investor-protection consequences.

We therefore urge the Commission to disapprove the proposed rule change or institute proceedings under Section 19(b)(2)(B) of the Securities Exchange Act to determine whether it should be

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[2] Order Approving Proposed Rule Change Amending 303A.00 of the Exchange's Listed Company Manual, Exchange Act Release No. 34-70246 (Aug. 22, 2013), 78 Fed. Reg. 53,181, 53,183 (Aug. 28, 2013).

[3] See 15 U.S.C. § 7262(b) (emerging growth company exemption); Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies, Release Nos. 33-11419, 34-105515, 91 Fed. Reg. 30,086 (May 21, 2026).

disapproved, so that a change of this consequence receives the scrutiny—and rests on the evidence—that the statute demands.[4] Independent assurance should begin at the foundation of a newly public company's governance—not five years down the road.

Questions regarding this letter or its signatories may be directed to Ramón A. Correa, Director for U.S. Advocacy, The Institute of Internal Auditors, at Ramon.Correa@TheIIA.org.

Respectfully submitted,

The Institute of Internal Auditors

Better Markets

Interfaith Center on Corporate Responsibility

National Whistleblower Center

Association of Certified Fraud Examiners

RIMS, the Risk Management Society

Public Citizen

Americans for Financial Reform Education Fund

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[4] 15 U.S.C. § 78s(b)(2)(B).