Constituent Interests in SEC Rules: Evidence from Voluntary Comment Letters*

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Abstract

We provide large-scale descriptive evidence on how the SEC's rulemaking process relates to constituent interests expressed in voluntary comment letters. Using large language models, we construct a comprehensive dataset linking constituents' stated preferences across more than 65,000 comment letters addressing 417 rules proposed between 1995 and 2024. We find that proposed rules more frequently align with firms' stated interests than those of other constituents, while this advantage attenuates at adoption. Conversely, retail investors' preferences are more often associated with dropped provisions. Within-group agreement amplifies these patterns, while cross-group disagreement disproportionately disadvantages retail investors and experts.

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1. Introduction

The Securities and Exchange Commission's (SEC or *the Commission*) rulemaking process is designed to be transparent and democratic, enabling broad public participation. The SEC is required to follow a notice-and-comment mandate: it publicly proposes a rule, receives comment letters from interested constituents that allow them to express their interests on the proposal, and then decides whether to adopt a final rule (SEC, 2025).[1] However, which writers' preferences are reflected in the rulemaking process remains an empirical question. Constituents often advance conflicting preferences, such that the SEC's decision about what to include, modify, or omit may reflect some groups' interests at the expense of others. In this study, we examine how SEC rules align with the stated interests of different constituent groups, as expressed in their submitted voluntary comment letters. Using a novel, comprehensive dataset that links proposals and their outcomes (i.e., adopted or dropped) to constituents' interests, we provide new descriptive evidence on which groups' preferences are systematically represented across the different stages of the SEC rulemaking process among participants in the voluntary comment process.

Participation in the comment process is voluntary, and commenters are a self-selected subset of all affected parties. Some constituents may be more likely to submit letters when they hold particularly strong views, while many others may not comment at all. We do not attempt to model this selection mechanism or to capture all channels of alignment on SEC rulemaking (such as informal contacts or political pressure). Instead, our analysis focuses on documenting patterns of alignment between SEC rules and the interests expressed in voluntary comment letters. This subset is economically and institutionally important: the notice-and-comment process is the primary formal channel through which constituents can place their views on the public record, it tends to attract organized and resourceful stakeholders who invest in shaping the regulatory debate, and it has become a central empirical setting in prior work on regulatory politics and disclosure. Studying how the SEC's rule text relates to the positions articulated in these letters, therefore, provides evidence on how publicly voiced interests by active participants correspond to different stages of rulemaking, even though it does not capture the full distribution of affected interests.

[1] In this paper, comment letters are documents submitted by any constituent to the SEC in response to proposed rules. These are distinct from correspondence between SEC staff and SEC issuers (i.e., firms that publicly disclose financial statements), which are also sometimes referred to as comment letters.

The SEC rulemaking process typically begins with the publication of a proposed rule in the Federal Register, which opens it to public comment. The proposal sets out the rule text, the Commission's stated economic rationale, a societal cost-benefit analysis, and Requests-For-Comment (RFCs) seeking outside input on selected topics. Next, the comment period starts, during which any person or organization may submit comment letters expressing support, opposition, or suggested revisions to the proposal. After reviewing these submissions and deliberating internally, the SEC issues an amended or final rule and provides its reasoning, or decides not to adopt a rule. If a rule is adopted, it becomes an official SEC regulation and takes effect on a specified date. The notice-and-comment process aims to promote transparency and public participation in the design and adoption of securities regulation.

The rulemaking process is guided by the SEC's mission to "[...] protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation." (SEC, 2023). However, these commitments can create nuanced conflicts. For example, rules that simplify compliance and reduce regulatory burdens for registrants may, at the margin, weaken investor protections or make information harder for retail investors to process, while rules that strongly prioritize retail investor safeguards may increase costs or constraints on firms. Given the letter writers' conflicting preferences, it is possible that, under different rules that incorporate the preferences of different constituencies, no group is systematically prioritized on average. Alternatively, regulators may be captured and consistently cater to certain groups in the rules they design (Truman, 1951; Stigler, 1971; Libgober, 2020b). Additionally, groups with greater resources can communicate more effectively with regulators, engage in meetings regarding the rulemaking process, and even sue regulators when they feel wronged. Given the multiple characteristics of constituencies and their conflicting interests, assessing which interests prevail in different rulemaking stages remains an empirical question.

We address this question by examining all publicly available data on the rulemaking process from the SEC's website. We hand-collected the proposal and adoption documents for each rule and their associated comment letters (when applicable). Using a large language model (LLM) to process unstructured text, this study is the first to comprehensively extract, classify and match the contents of all SEC rules and constituents' preferences as stated in their comment letters.[2] We investigate 417 rules proposed between 1995 and early 2024,

[2]We use Google's Gemini 2.0 Large Language Model to extract and categorize the content of each

containing 13,126 RFCs and their respective 395,360 answers submitted in 65,030 comment letters. Using letter-writer identities and the contents of the letters, we classify writers into four common groups of interest: firms, sophisticated investors, experts (e.g., academics, auditors, lawyers), and retail investors. This approach allows us to document systematic patterns of agreement and disagreement between the SEC and specific constituent groups, highlighting which constituencies' interests are more frequently aligned with the Commission's positions across the rulemaking process.

The data suggest that the four writer groups exhibit distinct patterns in their engagement with rulemaking. Retail investors are the most frequent writers, with over 23,500 letters written during our sample period. We find that they are the group least likely to support the Commission's proposals, but this changes at the regulatory outcome: they are the most likely to be aligned with the SEC's final decision on a proposal, mostly driven by their opposition being associated with the RFCs being dropped. Their letters are shorter than the average letter, advance fewer arguments, are more likely to complain about the rulemaking process, and to advocate for tighter regulation. Consistent with them having fewer resources than the other groups, we find that they are less likely to meet with the SEC or to participate in associations (e.g., the Securities Industry and Financial Markets Association (SIFMA), the American Association of Individual Investors).

Firms are the second most frequent writers and tend to write longer letters and meet with the SEC more often, consistent with their greater resources. Importantly, they are the group most likely to support the SEC's proposals, with their interests aligned with those of the SEC in 64% of the proposed RFCs. However, by the end of the rulemaking process their alignment falls to 46%, meaning firms' stated preferences are less often reflected in final rules than in initial proposals. Importantly, their interests remain significantly and positively associated with adopted RFCs, but are less likely to align with those ultimately dropped. Sophisticated investors and experts' alignment with the RFC proposal and outcome ranges between firms and retail investors, and their behavior is consistent with sophisticated investors having more resources and experts contributing with technical expertise to the rulemaking process.

Our main tests empirically assess how the stated preferences of different groups align with SEC rules at different stages of the rulemaking process. We find significant variation at

proposed rule, comment letter, and final rule. We describe the process in detail in section 3.1.

each stage: at the proposal stage, firms' preferences are 7.9 percentage points more likely to align with the proposed RFC than the average comment, indicating that firms' preferences are more likely to support the initial rule drafts.[3] By the outcome stage, this relationship reverses on average (-2.9 p.p.), a pattern driven by RFCs that are ultimately dropped (firms: -8.5 p.p.). However, among adopted RFCs, firms' preferences are more likely to align with the implemented rule than those of other groups, albeit to a smaller extent, suggesting attenuation during the rulemaking process. Retail investors display the opposite pattern: their views are less likely to support proposals than the average comment (-7.1 p.p.) but more aligned with the SEC's ultimate decision overall (2.5 p.p.), driven by RFCs that are dropped (7.0 p.p.). The evidence is consistent with retail investors' disagreement with proposals being more frequently observed in RFCs that are ultimately dropped. This pattern is consistent with the fact that substantial modification of a proposed provision can be legally risky (Kannan, 1996; Gersen and Stephenson, 2008) and that procedural costs make dropping a proposal less costly than revising it (McGarity, 1992). Effects for sophisticated investors and experts are mostly statistically insignificant, except for experts' interests being less likely to be aligned in adopted rules. Overall, firms' preferences are most evident in proposed rules and in adopted outcomes, whereas retail investors' alignment is strongest with the SEC's decisions to abandon proposed rulemakings.

A natural alternative interpretation is that these patterns simply reflect the targeting of rules toward specific constituencies. Proposals designed to regulate firms may mechanically align with firms' preferences by construction. We argue that this explanation is incomplete. The APA's notice-and-comment mandate requires the SEC to solicit input from all affected parties and to conduct a social cost-benefit analysis that accounts for the welfare of all constituencies, not only the regulated entity. Moreover, virtually every SEC rule generates spillover effects across groups: disclosure requirements aimed at registrants directly shape the information environment for investors, and compliance costs have market-wide efficiency implications. Most importantly, a targeting explanation predicts alignment that is stable across rulemaking stages, yet we find that firms' alignment attenuates substantially from proposal to adoption, and is most negative precisely for RFCs that are ultimately dropped.

[3]The 7.9 percentage point alignment advantage for firms at the proposal stage represents a 14.9% increase relative to the average commenter's alignment rate, computed as the marginal effect divided by the baseline alignment rate of 53% ($7.9/53 \approx 14.9\%$).

These patterns are difficult to reconcile with targeting alone and instead point to systematic asymmetries in access, resources, and organizational capacity across constituent groups.

Next, we investigate which characteristics are associated with having interests aligned in the rules. We investigate whether agreement on an SEC Request-For-Comment within the same group of writers–measured as at least 80% of a group taking the same position–increases the likelihood that the SEC's eventual rulemaking outcome aligns with that group's stated preferences. The findings suggest that speaking with a unified voice generally strengthens the association between a group's stated preferences and the likelihood that outcomes are aligned with those preferences. However, that effect is split by the rule's outcome: firms' and experts' agreement is associated only with the outcomes of adopted RFCs, whereas retail investors' consensus has an additional effect for RFCs that are ultimately dropped. Interestingly, sophisticated investors are the only group whose unified preferences are significantly related to the outcome of the rule regardless of whether the RFC is adopted or dropped. Collectively, the evidence suggests that consensus within groups generally enhances alignment of preferences regarding SEC outcomes, although this association varies across groups and stages.

We next examine whose interests are aligned in contested rulemakings by focusing on RFCs where commenter groups take opposing positions. Specifically, we identify scenarios in which 80% of writers in one group are aligned with the proposed approach while at least 80% of writers in the other group are not, and we document the additional effect of disagreement across groups. For example, when firms and retail investors disagree, retail investors are an additional 4.4 percentage points less likely to have their interests aligned with the outcome of the RFC. More generally, across pairwise tests capturing conflicts between groups, retail investors and experts are the groups most likely to be overlooked in disputes.

To shed light on the mechanisms underlying our results, we focus on observable actions and characteristics of writers that can be investigated empirically. We investigate the role of resources through participation in associations, whose platform and reputation may be associated with what regulators choose to incorporate into the rulemaking process. We find that being part of an association is associated with a higher likelihood that interests are aligned at the proposal and adoption stages, consistent with resourceful actors having preferences that are more often aligned with the rule text. However, participation in associations is neg-

atively associated with dropped rules. These baseline association effects are moderated by actor type: for firms, sophisticated investors, and experts, association membership increases alignment at the proposal stage by smaller amounts, and, overall, the association penalty is largely offset for firms and sophisticated investors, and remains negative for experts and retail investors. We observe similar results for attending meetings with the SEC, suggesting that resourceful writers' stated preferences are more often aligned with what is proposed and adopted, but are less often aligned with what is dropped. This suggests that the SEC's decision to drop proposed RFCs is associated with other factors than resourcefulness.

We also assess the likelihood that a comment letter is cited in a final rule, as adopting releases often cite comment letters to justify rule design choices. Additionally, evidence suggests that writer groups often complain in their letters that regulators overlook their views, and this may lead to litigation risk (Guseva, Hutton, Pritchard, and Grundfest, 2025). We document that firms (retail investors) remain more (less) likely to be cited in the final rule, consistent with the main results. However, we find that comment letters from the experts' group are also more likely to be cited in the final rule than the average comment, even though their preferences are not aligned in the adopted rule. The evidence is consistent with the SEC overrepresenting experts in the adopting releases.

Lastly, we investigate whether group support affects the adoption of an RFC. When each of the four groups of interest is investigated separately, each support is associated with a significant increase in the likelihood of an RFC being adopted. In a "horse-race" specification that includes all groups simultaneously, support from firms, sophisticated investors, and experts remains positive and statistically significant, whereas retail support becomes statistically insignificant. The evidence corroborates our main result: retail investors' input is associated with dropped RFCs, consistent with their intervention potentially functioning as a veto rather than producing and adopting new regulation.

Our first contribution to the literature is to provide the first large-scale descriptive evidence on the SEC's rulemaking process (Gipper, Lombardi, and Skinner, 2013; Gow, Larcker, and Reiss, 2016). While prior research has typically focused on a limited subset of rules on specific groups of comment letter authors due to the significant challenges involved in processing a large volume of documents (e.g., Watts and Zimmerman, 1978; Dechow, Hutton, and Sloan, 1996; Bischof, Daske, and Sextroh, 2020, Monsen, 2022), our work leverages recent

advances in large language models (LLMs) to analyze the entire corpus of SEC rulemakings spanning from 1995 to 2024. This allows us to overcome previous data and measurement limitations and systematically link rule proposals, comment letters, and adopted rules, providing a scalable framework for measuring representation in rulemaking (e.g., Gipper et al., 2013; Libgober, 2020a). This comprehensive approach enables us to uncover diverse patterns in commenter behavior and preferences, and to provide new evidence on rulemaking at an unprecedented scale.

Second, we contribute to research on regulatory influence and participatory governance. Theories of collective action and social choice emphasize that policymaking reflects the equilibrium of competing interests under institutional and informational constraints (Arrow et al., 1951; Truman, 1951; Olson, 1971). Our findings reveal that firms, the most well-organized and resourceful of the actors we investigate, are systematically more likely to have their stated preferences reflected in proposed and adopted regulations, while retail investors' views are more frequently aligned with dropped ones. These patterns are consistent with enduring asymmetries in access, expertise, and organizational capacity among stakeholder groups. Collectively, our evidence urges researchers to exercise caution when treating regulatory interventions as exogenous, given the varying levels of stakeholder participation in the rulemaking process documented in this study.

2. Institutional Background

2.1. The SEC Rulemaking Process

Since the Administrative Procedure Act (APA) was enacted in 1946, all administrative agencies of the federal government of the United States are required to go through a process of notice-and-comment when designing and implementing new regulations (DOJ, 1946). By mandating that agencies publish a general notice of proposed rulemaking in the Federal Register and requiring them to incorporate public comments, the APA supports transparency and public involvement in the rulemaking process. The SEC supervises and regulates the securities industry and, as a federal agency, must comply with all APA requirements. Among its many responsibilities is the rulemaking process: the act of designing and implementing federal securities laws, which can be categorized into three main stages (SEC, 2025):

1. **Rule Proposal**: the SEC publishes a proposal for public notice-and-comment in the

Federal Register. This document typically includes the text of the proposed new or amended rule, the economic rationale for it, and an analysis of its potential effects. The proposal also requests comments on the issues the Commission seeks input on.

2. **Comment Letters Period**: during this period, anyone can submit comments expressing support, opposition, and/or suggestions regarding the proposal. The Commission encourages detailed comments that share personal experiences, provide reasons, suggest alternatives, and offer factual support. Comments can be submitted via online forms linked to each rule on the SEC's website. The contents of comment letters vary widely, from well-structured multi-page arguments to anonymous one-sentence complaints about proposed rules.

3. **Adopting Release**: After reviewing public comments, the SEC may issue a final rule in an adopting release, which contains the text of the final rule and provides the reasoning on how the SEC arrived at its decision. This final rule is then incorporated into the official SEC rules and takes effect on a specified date. Alternatively, the SEC may decide not to adopt the rule after internal deliberation.

The stages are illustrated in Figure 1, and their associated documents are publicly available in the SEC's rulemaking index, which is organized by rule file number.[4] Rulemaking releases provide in-depth background information about the origin of specific rules. The releases include the Commission's rationale for proposing or adopting the rule, changes from the previously proposed rules, a summary of public comments, the deadlines for submitting comment letters, the rule's effective date, and other relevant information. It is not unusual for deviations from this process to occur. For example, some proposals may be perceived as unclear or may raise issues that regulators did not anticipate when initially proposing a rule, leading to confusion. In this case, an additional proposal may be released to address unresolved issues from a previous version. Additionally, the SEC may host meetings with letter writers, either remotely or in person, to discuss rulemaking, and such meetings are also publicly disclosed.

Typically, the process involves the Commission releasing a proposal requesting outside comments, receiving those comments, and deciding between two potential outcomes: adopt-

[4]See https://www.sec.gov/rules-regulations/rulemaking-activity.

ing or not adopting a final rule. The data generation process is illustrated in Figure 2: the first column highlights the rules proposed by the SEC, each of which contains multiple RFCs, as shown in the second column. The letter writers express their views on the RFCs in their answers (denoted in the third column), which we extracted from their comment letters, at the top of the figure. It illustrates that comment letters not necessarily address all RFCs from a proposed rule, and we construct our sample at the answer-to-the-RFC level insofar as we can match answers to their corresponding RFCs. Next, we assess whether the position expressed in that answer supports the proposed rule text. Thus, our analyses are performed at the answer-to-the-RFC level. We use this level of data granularity to address scenarios in which letter writers may support some parts of proposed rules and oppose others, and explore this variation within a letter. Lastly, we map the outcome of each RFC, which can be adopted or dropped, to the previous stages of the rulemaking process. Again, we assess whether the position previously stated in a comment letter is aligned with the regulation's outcome. We describe in more detail how this identification process maps into our empirical proxies in section 3.1, and describe the characteristics of our sample in section 3.2.

To illustrate the rulemaking process, we employ Rule S7-07-13 as an example.[5] In 2013, the SEC published a proposal that, if implemented, would require listed firms to disclose the pay ratio between the CEO's salary and the median employee's salary. Among its 44 RFCs, it included the following inquiry:

> *Should registrants be allowed to disclose two separate pay ratios covering U.S. employees and non-U.S. employees in lieu of the pay ratio covering all U.S. and non-U.S. employees?*

The SEC received more than 1,500 comment letters on the proposal from a variety of stakeholders, including firms, C-suite executives, and retail investors. These comment letters addressed the aforementioned RFC, with examples like the following:

> *"Companies would be subject to unfair peer comparisons. We also are concerned that our company will be unfairly compared to industry peers that have fewer non-U.S. or part-time employees or which rely more heavily on contract workers."*

[5] Appendix A1 describes in more detail the rulemaking process of Rule S7-07-13.

(Michael Bishop, Vice-President and CFO, FuelCell Energy, November 4, 2013)

"The CCMC continues to believe that various mechanisms, such as roundtables and pilot programs, can be used to better inform the SEC of the problems and challenges that the Pay Ratio proposal poses to competition and capital formation, while not enhancing investor protection."

(Tom Quaadman, vice-president, U.S. Chamber of Commerce, May 22, 2014)

"I love this idea. I think you should go for it. Ignore what the US Chamber of Commerce has said against it."

(Brigitte N Reed, September 19, 2013)

Letter writers' interests can diverge significantly, as illustrated by the contrast in opinions among the three shared answers. After the comment period expired, the SEC reviews all the received comment letters to help inform its final decision. Given the conflicting views on regulatory design, reconciling them into a single final rule or choosing not to implement it is not straightforward. For the example on Rule S7-07-13, the SEC eventually adopted the rule, explicitly addressing the aforementioned Request-For-Comment on the pay ratio covering non-U.S. employees in page 26 of the adopting release, stating:

"[...] the inclusion of non U.S. employees in the calculation of the median is consistent with the "all employees" language of the statute. The final rule defines the term "employee" to include U.S. employees and employees located in a jurisdiction outside the United States ("non-U.S. employees") of a registrant, as proposed." (SEC, 2015)

Thus, in the adopting release, the SEC required firms to include non-U.S. employees in the calculation of the pay ratio disclosure. This RFC resolution illustrates how the SEC often seeks input on specific issues in a proposing release, receives conflicting input from letter writers, and then settles on a decision in the adopting release.

2.2. Related Literature

Combining individual preferences into a collective decision, expressed as a rule, is not straightforward, given that members of society often disagree about what is best, as illustrated in the previous section. That has been a subject of study among political economists ever since Kenneth Arrow formulated the Impossibility Theorem in 1951, thereby formalizing the field of social choice theory (Arrow et al., 1951). Although the field was initially developed to aggregate preferences through voting and elections, it has since evolved to also encompass social decisions shaped by policymakers. Regulators play a critical role in defending public interests, correcting market failures, anticipating and preventing potential wrongdoing, and improving general welfare through interventions (Stigler, 1971; Hail, Tahoun, and Wang, 2018). Policymakers must balance the diverse and often competing interests of constituents, aiming to design policies that promote collective well-being rather than simply reflect majority preferences.

In the U.S., policymaking is guided by social cost-benefit analysis: federal agencies are required to design regulations that ensure the benefits of the change outweigh its costs (Congressional Research Service, 2018; Geoffroy and Lee, 2021). Given the many competing interests invested in potential regulation, assessing the public's preferences and translating them into regulation is not trivial, making the process subjective. Thus, rulemaking is highly dependent on the regulators' objectives, given their resources, information sets, and preferences. Scholars have normally categorized policymakers' incentives into three broad categories: adopting what is in the best interest of the public (e.g., Posner (1974)), their personal interests (e.g., Buchanan and Tullock (1965), Stigler (1971)), and ideology (e.g., Kau and Rubin (1979)). It is outside the scope of the paper to evaluate the welfare implications of the SEC regulations we investigate or the regulators' personal characteristics. Importantly, we understand that while rulemaking aims to benefit society broadly, it may, in certain instances, disproportionately reflect the preferences of more influential or organized groups (Olson, 1971; Schmitter, 1981). This may occur for legitimate reasons, as regulatory changes are not instituted by a majority vote toward a particular goal, but rather by the SEC's assessment of how markets should operate.

Until recently, conducting a systematic analysis of the SEC rulemaking process was an intricate endeavor due to the sheer number of available rules and their corresponding com-

ment letters. A few studies have narrowed the task to investigate selected rules or subsets of writers. For example, Watts and Zimmerman (1978) explore factors influencing management's attitude towards rulemaking, positing that accounting standards influence firms' cash flows and are thus of great interest to managers. Their model predicts that large firms that experience reduced earnings due to changes in accounting standards favor the change, whereas all other firms oppose changes if the additional bookkeeping costs justify lobbying costs. The prediction was tested using 53 corporate submissions to the FASB's Discussion Memorandum on General Price Level Adjustments, and the study finds empirical results consistent with the theory. Dechow et al. (1996) investigates 347 comment letters on the topic of share-based compensation (SBC) recognition from the 1993 FASB regulation on employee stock-based compensation. They hypothesize that agency and political costs lead managers to lobby against the recognition of SBC, and find that the likelihood of submitting a comment letter opposing mandatory expensing is systematically related to the use of stock options in top-executive compensation.

More recent work has investigated incentives to participate in the rulemaking process and the relationship between comment letters and adopted rules. Gipper et al. (2013) surveys the literature on political lobbying and rulemaking in the FASB setting and documents that writer groups only intervene in the rulemaking process when they perceive the benefits to outweigh the costs. Additionally, letter writers may play this as a repeated game and strategically win when it matters most for them. Libgober (2020a) finds that economic resources, legal sophistication, and the extent of prior investment in political influence increase the gains in the form of abnormal returns from regulatory lobbying during rulemaking. Geoffroy and Lee (2021) examines the SEC's patterns of consumption of academic research by means of citations of academic papers in rulings. They find that, following a 2011 ruling striking down the proxy-access rule for an insufficient cost-benefit analysis, the SEC increased its consideration of comment letters citing academic research, and that academics generally believe the SEC's description of their work is at least mostly accurate. Additionally, Bischof et al. (2020) investigates two major U.S. accounting policy debates: the fair value accounting debate during the 2008 financial crisis and the early-2000s debate over the expensing of employee stock options, focusing on the role of politicians. They find that political interventions align with politicians' ideology, particularly when accounting issues have broad economic or social implications, such as bank bailouts or executive compensation. Other papers have in-

vestigated rulemaking and its associated repercussions among subsets of constituents, such as auditors, regulators, and financial statement users (Allen, Ramanna, and Roychowdhury, 2018; Ramanna, 2022; Allen and Petacchi, 2022).

The papers mentioned are important components of the broader rulemaking puzzle, and we extend them by conducting a comprehensive analysis of all rules, focusing on how different groups' stated interests are reflected in the SEC rules at various stages of the rulemaking process. We leverage recent developments in textual information processing, namely the emergence of LLMs, to process previously intractable information and analyze it at a large scale.

2.3. Hypotheses Development

The SEC's mission is to "protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation." (SEC, 2023). However, these objectives often conflict. For example, reducing compliance burdens on firms may weaken investor protections, while strengthening disclosure requirements may discourage capital formation. Balancing irreconcilable differences means that SEC rules end up reflecting the interests of some groups more often than those of others.

In this study, we investigate how different groups' stated preferences, as expressed in voluntary comment letters, align with SEC rules at different stages of the rulemaking process. We focus on four key constituencies: *firms*, whose regulatory costs directly affect their access to capital; *investors*, who depend on transparency and fair treatment on markets, and we subdivide them into *sophisticated investors* (e.g., hedge funds, angel investors) and *retail investors*; and *experts* (e.g., academics, auditors, and lawyers), who provide technical input that can be valuable to promote the well-functioning of markets. These groups differ in resources, expertise, and incentives, raising the question of whose views are more often aligned with SEC rules (Zeff, 2026).

As outlined in section 2.1, the rulemaking process unfolds in stages. At the *proposal* stage, the SEC drafts an initial rule and requests public comments. At the *outcome* stage, after reviewing comment letters, the SEC decides whether to adopt, revise, or drop each Request-For-Comment (RFC). Our goal is not to evaluate whether SEC rules should reflect the preferences of particular groups. Instead, we examine whether systematic patterns emerge

in the alignment of different groups' stated interests with SEC rules, recognizing that both proposals and rule outcomes may be shaped by resource constraints, technical feasibility, and the structure of public participation.

Because proposals require substantial technical analysis, they may already reflect input from groups with resources and expertise, thereby influencing the process before the comment period formally opens. SEC Chair Paul Atkins has recently acknowledged that off-channel communications exist and has imposed fines totaling over $2.2 billion for inappropriate communications.[6] The extent to which these interactions shape the content of proposed rules is unclear, which motivates investigating which groups' preferences are reflected in the proposal stage of rulemaking. We develop two hypotheses addressing different stages of the rulemaking process, first examining the proposal stage:

H1: Differential alignment at the proposal stage: *Among voluntary comment letter writers, well-resourced groups' preferences are more likely to be aligned with proposed Requests-For-Comment than those of less-resourced groups.*

Then, when the proposed rules are formally published in the Federal Register, many forces may seek to influence their outcome. While comment letters may or may not influence a rule's outcome, we do not claim they are decisive; rather, we use them to identify writers' interests. Throughout, we interpret our hypotheses as statements about differences in alignment between group positions and rule text, not as causal effects of letters on outcomes. Other factors, such as meetings with SEC officials, public scrutiny, media coverage, off-channel communications with the SEC, and other interventions, may shape the outcome of the proposed rule. We hypothesize that these forces can help attenuate the alignment with resourceful groups in the outcome of the rules, since anyone can participate in the rulemaking process once the rule is first publicly proposed.

H2: Differential alignment at the outcome stage: *the relative alignment of well-resourced groups' stated preferences with SEC rules is attenuated at the outcome of the rulemaking process.*

These hypotheses guide our empirical analysis of how the stated preferences of different

[6] See https://www.thinkadvisor.com/2025/10/21/sec-chief-texting-crackdown-went-too-far/.

constituencies are aligned with rulemaking outcomes across stages. We further evaluate the rule's outcome by decomposing it into adopted and dropped rules.

3. Empirical Design

3.1. Sample Construction

To construct our sample, we obtained publicly available data on the rules and comment letters from the SEC's rulemaking website. Each proposed rule has its own page with associated documents, including a file containing the complete proposal, a list of all received comment letters and SEC meetings with constituents, and a final rule file when adopted. We collected all available files and matched them to each rule. Our sample includes all proposed rules between 1995 and the beginning of 2024 containing a comment period that received comment letters. Recently proposed rules that have not yet been implemented pose an identification challenge as they may have been withdrawn or remain under deliberation. Given that the average rule in our sample takes 455.25 days to be adopted, we exclude from the analysis all rules proposed from 2023 onward that were not implemented by the end of our observation period, as their ultimate outcome cannot be determined. Our final sample comprises 417 rules, which contain 13,126 RFCs, and received 65,030 comment letters, totaling 395,360 answers to individual RFCs. The frequency of rules and comment letters per year is illustrated in Figure 3. Because the sample used in our tests is constructed at the answer-to-the-RFC level, RFCs that received no answers are not included in our analysis.

To extract, interpret, and categorize all the information available in the rules and their associated comment letters, we used Google's Gemini 2.0 Flash Large Language Model (henceforth, the "model"). All variables used in our analyses are described in Appendix A2, and we describe our data generating process (in more detail below) visually in Figure 2. We began by extracting and categorizing all RFCs for a given proposed/final rule. Then, the model searches for an answer to each RFC in each associated Comment Letters. We identified almost 400,000 answers in the comment letters and matched them to an RFC. Then, we construct an indicator variable, $Alignment_i$, that equals one if the position expressed in the answer is at least partially aligned with what is proposed by the rule. We then matched each proposed RFC to its outcome: adoption or rejection. As in the analysis at the proposal stage, we construct $Alignment_i$ for the outcome stage, an indicator variable that equals one

if the position expressed by the writer is aligned with the SEC's final decision. For RFCs that were dropped, we code alignment as one whenever the answer did not support the initial proposal such that withdrawing the RFC is in the interest of the writer. Appendix A3 shares in detail the prompts used to construct $Alignment_i$. We interpret $Alignment_i$ purely as a measure of agreement between the expressed position in a comment letter and the text of the rule at a given stage, rather than as a measure of influence.

Next, to investigate how SEC rulemaking is aligned with the preferences of certain groups, we categorize letter writers into four groups of interest: firms, sophisticated investors, experts (e.g., academics, auditors, lawyers), and retail investors. As stated previously in section 2.3, these groups' preferences are likely to be affected by the SEC's mission: "[...] protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation." (SEC, 2023). Sophisticated and retail investors are considered in the mission to protect investors; experts' insights can be valuable for improving market efficiency and transparency; and firms are interested in rules that affect capital-formation in capital markets. Other writers (e.g., rank-and-file employees, regulators, and anonymous authors) serve as benchmarks throughout our analyses. The groups were identified using both identity cues and self-described actions in the letters. Identity cues include affiliations, titles, or signatures (e.g., "CEO," "Professor," "CPA"), while action-based cues include explicit statements about behavior or role (e.g., "I invest my savings," "we audit public companies"). Appendix A4 shares the methodology we employed to construct the variables capturing letter writer identity. One concern with identification is that a writer may be simultaneously identified as a member of two groups. For example, if a lawyer from a publicly traded company writes a comment letter to the SEC, we classify that letter as from a firm, as we understand that the lawyer is representing the firm's interests in the rulemaking process. Thus, our groups are presented in the order in which they are prioritized when multiple groups are identified as the letter's authors. [7]

3.2. Descriptive Evidence

Table 1 illustrates the summary statistics of our sample. Panel A highlights the characteristics of the sample at the rule level, documenting that 76% of the rules in our sample

[7] In untabulated analyses, we perform tests allowing for overlap of letter writers and dropping observations that pertain to both groups, and find similar results under the different identification strategies.

are implemented and that some have more than one proposal, suggesting that regulators revisit the initial rule design in light of feedback received during the rulemaking process. The average (median) proposal document in our sample is 162.41 (92) pages long, with the longest containing 1,404 pages. The average rule receives 156 comment letters (median: 29), totaling roughly 65,000 letters across the sample. Each rule contains an average of 31 RFCs (median: 27), which collectively elicit about 948 public responses per rule (median: 268). As Figure 4 illustrates, the distribution is heavily skewed: some rules and RFCs attract far more attention than others. On average, the SEC meets with constituents nearly 15 times per rule to discuss rulemaking, and the period between proposal and final adoption spans roughly 455 days (median: 310).

Table 1 here.

Having described our sample at the rule level, we provide descriptive statistics on the letter-writing behavior of each of the four groups of interest, shown in Panels B (at the Comment Letter-level) and C (at the answer-to-the-RFC level) of Table 1. Retail investors submitted the highest number of comment letters (23,502), but addressed fewer unique RFCs (3,621) than other groups, suggesting they focused their responses on fewer topics of interest. This pattern is consistent with their writing the shortest letters relative to other groups and to the full sample. Retail investors are the least likely group to attend SEC meetings or join associations, consistent with their having the fewest resources. Firms comprise the second most frequent letter writer group, having written 20,000 comment letters and addressed the largest number of RFCs (12,759), providing 167,082 answers. In contrast to retail investors, firm representatives are significantly more likely to meet with the SEC to discuss rules (16%). Firms are also more likely to be members of an association or to be cited in the final rule upon adoption. Experts and sophisticated investors also contributed significantly, with 7,263 and 1,152 comment letters, respectively.

Looking at additional information on groups' behavior at the answer-to-the-RFC level, alignment with proposals and final rules varies substantially across groups. For retail investors, 39% of answers support the proposal at the RFC stage, while 54% of the answers are aligned with the outcome of the RFC, indicating that final outcomes are more frequently aligned with their interests than initial proposals. The opposite pattern emerges for firms:

64% of their answers support the proposal, but only 46% align with its outcome. Sophisticated investors exhibit a more modest decline in alignment, from 56% at the proposal stage to 45% at adoption, whereas experts are relatively balanced, with 46% aligned with the proposal and 47% with the final rule. Retail investor answers are more likely to advocate for tighter regulation in 75% of their answers and most frequently complain about the SEC in the rulemaking process (40%), whereas firms are more likely to instead advocate for loosening of regulation in 48% of their answers and are the group least likely to complain about the SEC rulemaking process (27%). These patterns suggest meaningful differences across groups not only in participation levels but also in how their positions relate to regulatory proposals and final outcomes. Overall, the table highlights distinct participation levels, preferences, and engagement patterns of different writer groups in the SEC rulemaking process.

3.3. Empirical Approach

The empirical approach tests whether different groups are more or less likely to have their stated preferences aligned with SEC rules at both the proposal and implementation stages. Our sample is constructed at the answers-to-the-RFCs level, with 395,360 observations at the proposal stage and 389,353 at the outcome stage, in which we identify the outcome as either the RFC being adopted (221,108 observations) or dropped (168,245 observations). The difference in the number of observations at the proposal and outcome of an RFC is due to more recent RFCs of rules that have not been adopted, and thus we cannot be certain on whether they were dropped or are yet to be implemented. For those rules, we only perform our analyses at the proposal stage. The main regression is captured in Equation 1:

$$\begin{aligned} Alignment_{r,q,a} = \beta_1 Firms_{r,q,a} + \beta_2 Sophisticated\ Investors_{r,q,a} + \\ \beta_3 Experts_{r,q,a} + \beta_4 Retail\ Investors_{r,q,a} + \alpha_q + \epsilon_{r,q,a} \end{aligned} \tag{1}$$

Where:

- The dependent variable, $Alignment_{r,q,a}$, is an indicator that equals one if the position expressed in a comment letter answer is at least partially aligned with the rule text at a given stage.[8] We interpret this variable as a measure of agreement between expressed

[8]Only 12% of the answers were identified as partially agreeing with the RFC. Of those answers, 95%

positions in voluntary comment letters and the RFC, rather than as a measure of causal influence.

The analysis proceeds in two stages. First, we examine alignment at the *proposal* stage, when the RFC is initially published and letter writers respond to the regulator's questions supporting or opposing the proposed change. Second, we examine alignment at the *outcome* stage, capturing whether the answer's preference is at least partially reflected in the outcome, conditioning on whether the RFC is ultimately *adopted* or *dropped*. We report results separately for each outcome as well as pooled across both. This structure allows us to assess whether alignment at the proposal stage differs systematically from alignment observed ex post, and whether it varies with the final regulatory decision. Accordingly, the dependent variable is indexed at the answer–question–rule level, $Y_{r,q,a}$, where r denotes the proposed rule, q denotes the question posed by the regulator (i.e., the RFC), and a denotes a particular answer submitted by a letter writer.

- The variables of interest are indicator variables that equal one if the writer of the answer to that RFC pertained to one of the following groups of interest: firms, sophisticated investors, experts, or retail investors. In additional tests, we interact the variables of interest with factors we hypothesize are associated with the likelihood that their interests are reflected on different stages of rulemaking.

Because multiple respondents may answer the same question, this structure enables comparisons across respondent types within a given question. The specification includes RFC–level fixed effects, α_q, which absorb all common factors affecting alignment at the question level, and we also cluster the standard errors at the rule-letter levels to address serial correlation arising from RFCs from the same rule.[9]

agreed with the majority what is being proposed, suggesting that very few answers are weakly aligned with the RFCs.

[9]In untabulated results, we find similar results when using Rule-level fixed effects.

4. Results

4.1. Whose Interests Are Aligned With SEC Rules?

In our first set of tests, we investigate whether, on average, answers from different writer groups are systematically more or less likely to be aligned with SEC rules at different stages of the rulemaking process. Table 2 presents our main results, obtained from regressing Equation 1. The columns differ by stage of the rulemaking process, with Columns 1 (2) [3] {4} presenting the results for interests being reflected on *Proposed (Adopted) [Dropped] {All Outcomes of}* RFCs.

Table 2 here.

Results suggest a pronounced shift across stages in which groups' stated interests are most likely to be aligned with SEC rules. At the proposal stage, firms' interests are 7.9 percentage points ($p < 0.01$) more likely to be aligned with the content of the rules, indicating that firm commenters' positions are 14.9% more likely to support the proposed regulation than the average comment (14.9% is calculated as 7.9 p.p. divided by 53 p.p., the average alignment with the proposal across all answers). At the adoption stage, the association between firm group identity and alignment is substantially smaller, though still positive and statistically significant (1.2 p.p., $p < 0.05$), suggesting that firms' preferences attenuate during the rulemaking process but are still reflected in adopted RFCs more often than the average comment. The opposite effect is observed in RFCs that are eventually dropped, as evidenced by the significantly negative coefficient in column (3) (-8.8 p.p, $p < 0.01$). Overall, at the outcome stage the effect is negative (-2.9 p.p, $p < 0.01$), which is largely driven by dropped RFCs.

Retail investors display the opposite pattern: their answers are less likely to support the proposals (-7.1 p.p., $p < 0.01$) than the average answer. That result is also inverted at the outcome stage, with interests being 2.5 percentage points ($p < 0.01$) more likely to be aligned in the SEC's eventual decision on the RFC, with this effect being driven by dropped RFCs. Interestingly, their views are significantly more likely to align with dropped rulemakings (7 p.p., $p < 0.01$) but less likely to align with adopted RFCs (-2.3 p.p., $p < 0.05$). This suggests that retail investors are more likely than other groups to align with the SEC's decision to

drop RFCs. Sophisticated investors' and experts' results are generally not significant, with the exception being experts' views being less likely to be aligned in adopted RFCs by 1.5 percentage points ($p < 0.05$). Overall, firms' preferences are most evident in proposed text and only weakly aligned with adopted rules, whereas retail investors' alignment is most evident in rulemakings that the SEC ultimately withdraws, suggesting that dropped RFCs are relatively more likely to align with retail investors' stated positions.

One possible explanation for firms' higher alignment at the proposal stage is that agency engagement with stakeholders often begins long before the formal notice-and-comment process. Because we use comment letters as a proxy capturing each group's revealed preferences, the observed alignment at the proposal stage suggests that firms' interests were already aligned in the SEC's initial drafts. As Haeder and Yackee (2015) note, such pre-rulemaking interactions are often informal and ad hoc, favoring actors with the resources, expertise, and established relationships needed to participate effectively. In this context, firms are more likely to participate in interactions that shape the content of proposed rules before they are formally released for public comment. This interpretation is consistent with the signs of the coefficients from proposal to adoption, which indicate that firms' relatively high alignment at the proposal stage is attenuated but not eliminated at adoption. However, greater transparency over the rulemaking process appears to attenuate the magnitude of this alignment by the time rules are adopted. Accordingly, our focus in Columns 3 and 4 is to distinguish between RFCs that are ultimately adopted and those that are dropped, and we find that firms' alignment is positive for adopted RFCs but strongly negative for dropped RFCs. We caution, however, that comment letters should not be interpreted as the sole channel for communicating preferences in the rulemaking process. Rather, they serve as proxies for publicly stated preferences, while a variety of other mechanisms, such as meetings with SEC officials, participation through professional associations, public scrutiny, and other unobservable interventions, may also shape which groups' interests are aligned in the rulemaking process.

4.2. Agreement Within Groups

Next, we investigate whether within-group agreement on the regulated matter is associated with a higher likelihood that stated preferences align with the outcome. We aggregate *Alignment* of all answers from the same group of writers for that RFC and identify whether

at least 80% of them share the same value (i.e., support or oppose what the RFC proposes).[10] For example, if five retail investors addressed a particular RFC in their letters and at least four of them did not have their interests aligned with the proposal, the interaction variable *Agreement* equals one. The same holds for when at least four of them have their interests aligned with the proposal, such that the variable captures agreement within-group irrespective of alignment with proposal. We construct an agreement indicator for each group and RFC, and interact it with the indicator variables used in our main regression.

Table 3 examines whether a group's shared preferences on an RFC amplify the alignment of those preferences with SEC rulemaking outcomes. Results differ by type of outcome. We find that for adopted RFCs (Column 1), agreement continues to increase alignment for firms, sophisticated investors, and experts (all positive and significant coefficients), but does not materially change outcomes for retail investors. Their unified preferences are associated only with dropped RFCs (Column 2). Retail investors are the only group whose baseline alignment is positive and significant, and the marginal effect of agreement within the group is positive and statistically significant, whereas firms baseline coefficient remains negatively associated with alignment in the final outcome, and their agreement interaction is not significant. In the full sample (Column 3), the baseline coefficients indicate that, absent strong within-group agreement, firms, sophisticated investors, and experts are each less likely to have their stated preferences aligned with outcomes (all negative and statistically significant), while retail investors exhibit no statistically significant baseline difference. However, the interaction terms are uniformly positive and statistically significant across all four groups, implying that when a group speaks with a unified voice, its preferences are substantially more likely to align with the eventual SEC outcome.

Table 3 here.

Overall, these results suggest that within-group consensus generally increases the likelihood of alignment with SEC outcomes. However, retail investor consensus is associated only with rulemakings that are ultimately dropped, while agreement among firms and sophisticated investors matters most for adopted rules.

[10] In untabulated results, we use different levels of agreement within groups (e.g., 90%) and find similar results.

4.3. Disagreement Across Groups

Next, we contrast different preferences across groups. A significant challenge for regulators is settling on the outcome of RFCs that are disputed by writers. Thus, in the next set of tests we identify instances in which groups oppose one another regarding what should be regulated. That is, 80% of letter writers of one group support what was proposed, and 80% of letter writers of another group oppose, and vice-versa simultaneously. This is captured by the indicator variable *Disagreement*, constructed for the six possible group combinations. In these analyses, we use *Outcome* as the dependent variable. Table 4 reports the results.

Table 4 here.

Column (1) tests whether any group's interests are less likely to be aligned with the final outcome when firms and retail investors take opposing positions on a given RFC. The estimates indicate that such firm–retail disagreement is associated with an additional reduction in outcome alignment for retail investors: when disagreement is present, retail investors are about 4.4 percentage points less likely to have their interests aligned with the outcome, as outlined in the last row of the first column. Results in the subsequent columns indicate that retail investors and experts are the groups whose preferences are least likely to align on the rule's outcome when disagreement occurs. Interestingly, when experts disagree with retail investors (sixth column), both groups are less likely to have their preferences aligned in the outcome, whereas firms' preferences are significantly more likely to be aligned (2.1 p.p., $p < 0.01$). Collectively, across the pairwise tests capturing conflicts between groups, retail investors and experts are the groups most likely to have their interests not aligned with the outcome of rules.

4.4. Associations

One potential mechanism driving the results observed thus far, particularly at the proposal and adoption stages, is that resourceful actors are able to intervene with regulators through different approaches and thus are more likely to have their preferences aligned with the SEC's proposals. We conjecture that they are better able to tap into environments that generate rule proposals. For example, they are able to engage off-channel communications, a concern addressed by SEC Chair Paul Atkins as recently as 2025 (ThinkAdvisor, 2025). Next, we turn our analyses to investigate the role of resources in the rulemaking process.

First, we investigate whether participation in associations is associated with aligned interests in the rulemaking process. Associations play a central role in shaping regulatory outcomes by aggregating interests and providing policymakers with coordinated, credible input representing a group of constituents. Collective representation may help reduce information asymmetries between regulators and fragmented constituencies, giving members greater visibility and perceived legitimacy. Additionally, associations have more constituents and resources than the average letter writer. To test whether such affiliation is associated with differences in the SEC's responsiveness, we examine whether participation through professional or civic associations increases the likelihood that a group's preferences are aligned in rulemaking. We define an association as an organized entity representing shared interests, ranging from professional bodies such as the *Securities Industry and Financial Markets Association (SIFMA)* to non-profits such as the *American Association of Individual Investors*. Table 5 presents results from estimating Equation 1 with indicators for association participation and their interactions with group identities.

Table 5 here.

Our results indicate that participation in association activities is associated with greater alignment for some groups, but the effects vary by stage and constituency. Firms that submit letters as part of an association are about 5.0 p.p. ($p < 0.01$) more likely to have their preferences aligned in proposed rules and 2.5 p.p. ($p < 0.01$) more likely in adopted rules compared with similar letters from unaffiliated firms (calculated as the sum of the baseline *Alignment* coefficient and its interaction with each group). Experts experience a sizable relative gain at the proposal stage, consistent with collective representation increasing the effectiveness of their participation. Overall, these results indicate that collective participation through associations can strengthen some groups' ability to have their positions aligned with SEC rulemaking, though the benefits remain unevenly distributed across stakeholder types.

4.5. Meetings with SEC Officials

In this section, we examine whether participation in meetings with SEC officials is associated with a group's preferences being aligned in the rulemaking process. As described in section 2.1, the SEC publicly discloses meetings with letter writers to discuss proposed rules. These meetings aim to facilitate dialogue on regulatory alternatives and allow the Com-

mission to communicate its perspective to constituents (ACUS, 2018). From the writers' side, meetings typically follow a request signaled through comment letters or a demonstration of expertise. We consider two interpretations. Meetings may help writer groups convey their views more effectively, increasing the likelihood that their preferences are aligned with adopted rules. Alternatively, meeting participation may be endogenous, reflecting that groups already favored by the SEC are more likely to gain access to meetings. In this scenario, meetings signal existing alignment rather than create it. Evidence in Table 1 shows that meeting attendance is uneven across groups, with 15% of firm responses indicating meeting attendance, compared with only 1% for retail investors. Next, in Table 6, we replicate the baseline test, including meeting indicators and their interactions with group identities.

Table 6 here.

Firms that met with SEC officials were approximately 7.2 percentage points ($p < 0.01$) more likely to have their views aligned in proposed rules and 1.8 percentage points ($p < 0.1$) more likely to align with adopted RFCs when meetings occurred (calculated as the sum of the *Meeting* and the interaction coefficients). For the selected group of retail investors who met with the SEC, meetings are associated with a 13.4 percentage-point ($p < 0.01$) increase in alignment at the proposal stage and a 3.4 percentage-point ($p < 0.01$) increase for adopted RFCs. However, we caution against interpreting the magnitude of the results, as retail investors seldom access regulators through meetings. Overall, these results suggest that meetings are associated with substantially higher proposal-stage alignment and modestly higher alignment for adopted RFCs, though access to meetings is highly uneven across groups.

4.6. Comment Letters Cited by the Final Rule

In this section, we examine whether the likelihood that a comment letter is cited in the SEC's final rule correlates with the identity of the letter's author. The SEC frequently justifies its adopted measures in the adopting release by citing specific comment letters, signaling that the arguments and preferences in those letters were considered in formulating the final rule. However, because multiple-letter authors may share similar views on the proposed rules, we investigate whether the SEC's citation practices reflect the same groups whose preferences are ultimately incorporated into the rules. Several factors may influence which

commenters the SEC chooses to cite in an adopting release. For instance, the Commission may prioritize letters that provide substantial support for a proposal or help mitigate litigation risk. By citing these specific participants, the SEC can frame the rulemaking process as both broadly participatory and procedurally legitimate.

We run a similar test to that in Equation 1 with a few tweaks. First, we substitute the dependent variable for three variables: the first, *Cited*, captures whether the comment letter was cited in the final rule; the second, *Multiple Cites*, captures whether the letter was cited more than once in the final rule; and third, *Log of Cites*, is the log of one plus how many times the comment letter was cited in the final rule. Additionally, we conduct our analyses only on Adopted Rules at the comment-letter level, because adopting releases cite writers' input at that level. Results are presented in Table 7.

Table 7 here.

The results are similar to our main results at the adoption stage: the likelihood that firms (retail investors) are cited in the final rule is positive (negative) in both analyses. However, letters from experts are significantly more likely to be cited than the average submission, despite their specific interests not aligning closely with the final rules. Overall, the evidence indicates that the SEC does not weight citations in proportion to a group's actual influence on the rule's outcome. Instead, the Commission appears to prioritize citing expert letters in its adopting releases, which systematically amplifies the visibility of groups that might otherwise be less represented in the final policy.

4.7. Adoption

Building on the distinct results for adopted and dropped RFCs, we next examine whether the SEC's ultimate decision to adopt an RFC is systematically related to the pattern of support expressed by different commenter groups. To do so, we use the outcome of an RFC (i.e., adopted or dropped) as the dependent variable, equaling one if the RFC is ultimately *adopted* (and zero otherwise). The key explanatory variables are group-specific measures of support, constructed as indicators of whether at least 80% of the answers submitted by a given group regarding that RFC support its adoption. Because adoption is determined at the RFC level within a rule, all specifications include rule fixed effects instead of RFC

fixed effects—thereby comparing RFCs within the same overarching rule—and we cluster standard errors at the rule level. Table 8 reports the results.

Table 8 here.

Columns (1)–(4) enter each group's support measure separately and show that support from firms, sophisticated investors, experts, and retail investors is each positively and statistically significantly associated with adoption. The estimated magnitudes imply economically meaningful differences in adoption probabilities: for example, firm support is associated with a 9.2 percentage point higher likelihood of adoption (Column 1), sophisticated-investor support with a 14.2 percentage point higher likelihood (Column 2), expert support with a 9.7 percentage point higher likelihood (Column 3), and retail-investor support with an 11.1 percentage point higher likelihood (Column 4).

Column (5) analyzes the support indicators jointly. In this horse-race specification, the coefficients on firms, sophisticated investors, and experts remain positive and statistically significant, albeit the magnitude of the coefficients is, as expected, smaller. However, the retail investor support coefficient becomes statistically insignificant. This pattern suggests that, while retail support is positively correlated with adoption in bivariate specifications, its association is not robust to controlling for contemporaneous support from other groups, consistent with retail support being correlated with broader coalitional support rather than being independently predictive of adoption. Overall, the evidence indicates that RFCs are more likely to be adopted when they receive strong support from organized and professionally sophisticated commenters, even within the same rulemaking.

5. Conclusion

This study investigates how the interests of different groups of constituents, as expressed in voluntary comment letters, are reflected in the SEC rules in different stages of rulemaking. We provide novel and comprehensive descriptive evidence on the characteristics of the SEC rulemaking process by investigating all implemented rules and their comment letters from 1995 to 2024.We leverage recent advances in textual processing to scale our analysis beyond what prior work has been able to analyze (Gentzkow, Kelly, and Taddy, 2019; Hassan, Hollander, Kalyani, van Lent, Schwedeler, and Tahoun, 2025). Throughout, we interpret our

findings as documenting patterns of alignment between publicly stated positions in voluntary comment letters and SEC rule text, rather than as causal effects of comments on regulatory outcomes.

We find that, on average, firms' stated preferences are more likely to align with proposed and adopted rules than with the average answer contained in a comment letter, whereas retail investors' interests are more frequently aligned with RFCs that are dropped. Experts' preferences are less likely to align with adopted RFCs, whereas sophisticated investors' preferences are not systematically different from the baseline in the main specification. We complement our findings by documenting that within-group agreement on RFCs is associated with a higher likelihood that group's preferences are aligned with the outcome of a rule. However, additional evidence suggests that when different groups disagree, retail investors and experts are the groups least likely to have their preferences aligned with the rules' outcomes. We argue that these patterns are associated with the letter writer's resourcefulness. We document that meetings with SEC officials and participation through associations are associated with a substantially higher likelihood that a group's views are aligned with the rules. Collectively, these results illustrate that SEC rulemaking, while formally open and transparent, tends to produce rule texts that are more often aligned with the positions of well-organized and resourceful actors, while retail investors' preferences are more often aligned with decisions not to pursue previously proposed regulation. The analysis illustrates how the rulemaking process operates and the role of interested constituents, and cautions empiricists to reflect on the participation of external actors when treating regulatory interventions as exogenous shocks.

We do not claim our main findings are caused by the comment letters per se; rather, we observe each constituent's preferences at the RFC level through the public answers provided in the letters. Alignment of interests may occur even before the rule is proposed, through donations, recurrent and/or personal relationships between writers and regulators, meetings, and other channels through which groups attempt to influence regulators. Additionally, our results should not be interpreted as establishing regulatory capture, as the SEC's rulemaking process is complex and does not mechanically translate the majority's preferences into rules. It is possible that prioritizing certain groups under certain rules is legitimate if the regulator recognizes that some interests should be preserved at the expense of others; however, it

is outside the scope of this paper to identify the welfare-maximizing regulations regulators should adopt.

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A1. Rulemaking Example

In this section, we illustrate how SEC rules are proposed, receive comment letters, and are then implemented. We use Rule S7-07-13 as an example, known as the Pay Ratio Disclosure rule. Its associated documents can be found at https://www.sec.gov/rules-regulations/2015/08/pay-ratio-disclosure#33-9877final. The rule proposal was originally published in the Federal Register on October 1st, 2013. The document summary outlines the proposal:

> *"We are proposing amendments to Item 402 of Regulation S-K to implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 953(b) directs the Commission to amend Item 402 of Regulation S-K to require disclosure of the median of the annual total compensation of all employees of an issuer (excluding the chief executive officer), the annual total compensation of that issuer's chief executive officer and the ratio of the median of the annual total compensation of all employees to the annual total compensation of the chief executive officer. The proposed disclosure would be required in any annual report, proxy, information statement, or registration statement that requires executive compensation disclosure pursuant to Item 402 of Regulation S-K. The proposed disclosure requirements would not apply to emerging growth companies, smaller reporting companies, or foreign private issuers."*

The proposal document contains 162 pages, and its contents contain the background that led to the proposal, a discussion of the proposed amendments, the proposed requirements for Pay Ratio Disclosure, a proposed compliance date, a proposed transition plan for new registrants, and an economic analysis, among other topics. Importantly, our textual analyses extracted 44 Requests-For-Comments from the proposal.

The proposal explicitly stated that comments on the proposal "[...] should be received on or before December 2, 2013", allowing letter writers two full months to share their preferences, suggestions, and criticism with the SEC. Additionally, as usual in the rulemaking process, the proposal shared instructions on how to submit a letter by mail (by sharing an address) or electronically (via email, the Commission's internet comment form, or the Federal Rulemaking ePortal). Instructions indicate that "All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly." All comments submitted with respect to this proposal are made available at https://www.sec.gov/comments/s7-07-13/s70713.shtml. Rule S7-07-13 received 1,563 comment letters and additionally disclosed 13 meetings between constituents and SEC officials. We then extract from the text of the letters what RFCs they addressed. Section 2.1 illustrates a few examples of comments received.

After internal deliberations, the SEC decides whether or not to adopt a regulation. If the Commission chooses not to adopt a rule, they can simply not act on it anymore, or publicly communicate their decision not to pursue a previously proposed rule anymore.[11] If instead the Commission chooses to adopt a rule, it will publicly disclose a document outlining the requirements of the rule, along with its rationale and motivation. For Rule S7-07-13, the SEC issued the final rule on August 5th, 2015, almost two years after the initial proposal. Its overview states:

> *We are adopting amendments to Item 402 of Regulation S-K to implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 953(b) directs the Commission to amend Item 402 of Regulation S-K to require disclosure of the median of the annual total compensation of all employees of a registrant (excluding the chief executive officer), the annual total compensation of that registrant's chief executive officer, and the ratio of the median of the annual total compensation of all employees to the annual total compensation of the chief executive officer. The disclosure is required in any annual report, proxy or information statement, or registration statement that requires executive compensation disclosure pursuant to Item 402 of Regulation S-K. The disclosure requirement does not apply to emerging growth companies, smaller reporting companies, or foreign private issuers.*

The document describing the implemented rule provided a summary of the general comments on the proposed rule, a summary of the changes it adopted, and discussed its scope and requirements, among other topics. It also provided guidance on identifying the median employee to calculate the ratio required by the new rule. Importantly, 41 out of the 44 topics addressed by the RFCs were implemented, and three were dropped in the final rule. The effective date of the regulation was October 19th, 2015, and it required the targeted registrants to comply with the final rule for the first fiscal year beginning on or after January 1st, 2017.

[11] For example, in 2025 the SEC publicly withdrew 14 proposed rules at once. See link.

A2. Variable definitions

Table A1. Variable Definitions

Adopted	An indicator variable that equals one if the RFC was adopted (and zero otherwise).
Agreement	An indicator variable that equals one if at least 80% of the answers of that group to that RFC support or oppose the same outcome.
Alignment	An indicator variable that equals one if the answer is at least partially aligned with the RFC's proposal or outcome.
Associations	An indicator variable that equals one if the comment letter writer is part of an association (e.g., BAR, NGOs).
Cited	An indicator variable that equals one if the comment letter was cited in the final rule (and zero otherwise).
Disagreement	An indicator variable that equals one if at least 80% of the answers of a group support (oppose) that RFC while at least 80% of answers of another group oppose (support) the same RFC (and zero otherwise).
Experts	An indicator variable that equals one if the answer writer is classified as an expert (and zero otherwise).
Firms	An indicator variable that equals one if the answer writer is classified as a firm (and zero otherwise).
Log of Cites	The natural logarithm of one plus how many times the letter was cited in the final rule.
Meeting	An indicator variable that equals one if the comment letter writer or someone from their entity met with an SEC official to discuss that rule (and zero otherwise).
Multiple Cites	An indicator variable that equals one if the comment letter was cited more than once in the final rule.
Outcome	An indicator variable that equals one if the comment letter's interests match the outcome of the rule (and zero otherwise).
Proposal	An indicator variable that equals one if the comment letter's interests match what the rule proposed (and zero otherwise).
Retail Investor	An indicator variable that equals one if the answer writer is classified as a retail investor (and zero otherwise).
Sophisticated Investor	An indicator variable that equals one if the answer writer is classified as a sophisticated investor (and zero otherwise).
Support	An indicator variable that equals one if at least 80% of answers of that group support the adoption of the RFC (and zero otherwise).

A3. Measurement of Alignment

This appendix details the technical implementation and the exact prompts used to generate the categorical variables identifying the alignment of constituent interests with regulatory outcomes. To process the unstructured text of SEC rule proposals, comment letters, and adopting releases, we utilize the Gemini 2.0 Flash model. The model is accessed via a secure API endpoint with the temperature fixed at 0 to ensure deterministic, reproducible outputs.

For each observation, the model receives three text fields for a single Request-for-Comment (RFC) item: the Commission's original proposal question (`comment`), the commenter's response (`answer_comment`), and the treatment of the same question in the final rule (`answer_comment_by_fi`

The raw JSON outputs are recoded into the indicators used in our analysis. Specifically, the model performs three primary tasks: (A) classifying final incorporation (accounting for the "veto" effect of dropped rules), (B) performing verification checks to ensure data quality, and (C) measuring the initial alignment between the commenter and the proposal.

SYSTEM INSTRUCTIONS
You are assisting with SEC rulemaking research. You will receive three text fields for a single RFC item:

- `comment`: The Commission's proposal question or RFC snippet.
- `answer_comment`: An individual's or organization's response.
- `answer_comment_by_final`: Treatment in the Commission's FINAL rule text.

TASK A — Incorporation Classification Classify whether the commenter's position was incorporated into the FINAL decision as:

1. *'Fully'* — Final rule clearly adopts what the commenter advocated.
2. *'Partially'* — Some (but not all) of what the commenter advocated was adopted.
3. *'No'* — Final rule takes a different direction.
4. *'Fully - rfc dropped'* — The Commission DROPPED the proposal and the commenter OPPOSED it (alignment by omission).
5. *'No - rfc dropped'* — The Commission DROPPED the proposal but the commenter SUPPORTED it.

TASK B — Verification Checks

B1. `comment_check`: Is this truly a question? (*'It is a question'* or *'Unclear'*).

B2. `answer_comment_check`: Is this truly an answer? (*'It is an answer'* or *'Unclear'*).

B3. `final_check`: Is the final rule truly addressing this comment? (*'It is addressing'* or *'Unclear'*).

TASK C — Alignment between 'comment' and 'answer_comment' Classify how well the answer aligns with the initial proposal question: *'Fully'*, *'Partially'*, or *'No'*.

OUTPUT FORMAT Return STRICT JSON with exactly these fields:

```
{
  "incorporation_result": "Fully" | "Partially" | "No" | ... ,
  "rationale": "<=30 words",
  "partial_incorporation_pct": integer 0-100 or null,
  "comment_check": {"status": "...", "rationale": "..."},
  "answer_comment_check": {"status": "...", "rationale": "..."},
  "final_check": {"status": "...", "rationale": "..."},
  "comment_answer_alignment": "Fully" | "Partially" | "No",
  "comment_answer_alignment_pct": integer 0-100 or null
}
```

Table A2. Comparison of Constituent Conformity and Final Incorporation

ALIGNMENT	Type	Rationale
Yes	Conformity	The respondent followed the technical structure of the proposal by addressing the rule scope and suggesting an exclusion for certain members, even though they expressed concern that the compliance costs would be unduly burdensome.
No	Alignment	The Commission did not incorporate the exclusion of specific members in the final regulatory text and instead proceeded with a scope that did not include the requested exception.
Yes	Conformity	The constituent conformed to the inquiry about new disclosures by providing a response that advocates for a stronger rule to close loopholes, which expresses a clear and relevant position on the regulatory direction.
Yes	Alignment	The final rule incorporates conflict of interest disclosure requirements, which addressed the underlying concern of the writer for transparency.
Yes	Conformity	The respondent addressed the broad request for comment on the large trader reporting system by expressing support for the regulatory goals and offering collaborative implementation steps to the staff.
Yes	Alignment	The final rule was adopted with certain modifications after the Commission considered the technical feedback and the support for implementation provided by the respondent during the notice and comment period.
Yes	Conformity	The writer fully addressed the requirement for execution reports by supporting data availability and suggesting a daily reporting frequency in direct response to the inquiry of the Commission.
Yes	Alignment	The final rule adopted the summary report requirement as favored by the constituent, although the Commission did not implement the specific suggestion of the respondent to move to a daily reporting frequency.
No	Conformity	The respondent utilized the comment to express a categorical rejection of the proposed authority of the government over financial markets instead of answering the specific technical questions posed in the proposal.
Yes	Alignment	The Commission dropped the proposed rule, which fully aligns with the categorical opposition of the respondent, even though the constituent did not provide a responsive answer to the technical details of the inquiry.
No	Conformity	The writer used the response to argue that disclosing sensitive financing terms would

A4. Professional Role and Entity Classification

To construct the variables comprising the identity of the letter writers we employ an automated classification algorithm that identifies each letter writer's professional background and organizational affiliation. This process utilizes Gemini 2.0 Flash to map unstructured signatures and self-identifications into a standardized taxonomy.

A4.1. Methodological Support: LLM as a "Research Assistant"

Following recent literature on Large Language Models (LLMs) in archival accounting (e.g., Hansen and Kazinnik, 2023), we utilize an LLM to match or exceed human accuracy in role extraction. The model differentiates between constituent groups by leveraging zero-shot classification and contextual reasoning, a process shown to replicate the logical reasoning of human experts in specialized financial domains. Just as Hansen and Kazinnik (2023) demonstrate that LLMs possess sufficient latent financial literacy to decipher the nuanced "hawkish" or "dovish" stance of central bank communications, our model identifies the unique linguistic fingerprints of different economic agents.

Specifically, firms are identified by a formal corporate tone and a focus on implementation timelines or cost-benefit analysis regarding regulatory burden. Sophisticated investors utilize technical vocabulary regarding capital allocation, fiduciary duties, and market-wide liquidity. In contrast, retail investors are characterized by a lack of institutional affiliation, first-person narratives involving personal savings or retirement, and a focus on the simplicity or fairness of disclosures. Finally, experts are identified by neutral technical analysis, academic or legal titles, and the use of evidence-based argumentation or citations. To ensure algorithmic reproducibility, we set the model's *temperature* to 0 and use strict JSON formatting to enforce deterministic, mutually exclusive categorization.

A4.2. Classification Hierarchy and Dominance Logic

The algorithm extracts professional roles based on the specific name identified in the metadata. To ensure each constituent is mapped to a single, economically relevant category for our empirical tests, we implement a hierarchy of dominance:

1. Organizational Dominance: If a professional, such as an attorney or engineer, is representing an entity, the organization_type takes precedence. This identifies the constituent as a representative of a firm.

2. Tier Dominance: In the presence of multiple professional titles, the highest tier dominates. For instance, a constituent identified as both a VP and a Director is strictly classified as VP Tier.

ALGORITHM PROMPT STRUCTURE
Input: `[name]` and `[comment_letter]` text.

Role and Tier Constraints:

- professional_type: Classify job titles strictly into C-Suite, Senior Executive, Vice President Tier, Director Tier, Managerial Tier, Senior Staff, Analyst/Associate Tier, Entry/Student Tier, Advisor/Agent Tier, Professor, or Attorney.
- investor_type: Strictly classify into Angel Investor, Hedge Fund, Institutional Investor, Pension Fund Representative, Private Equity, Venture Capitalist, Other sophisticated investors, or Retail Investor.
- organization_type: Strictly classify into Regulatory agency, company, association, or non profit.

Output Requirement: The model must return a standardized JSON object containing role_category, politician_type, regulator_agency, investor_type, professional_type, and organization_type. The system implements a retry mechanism of up to 3 attempts with a validation step to ensure strict adherence to the schema and that each response parses correctly.

A4.3. Mapping Taxonomy to Constituent Groups

To facilitate our empirical analysis, the granular roles and tiers identified by the algorithm are mapped into four primary constituent groups. This mapping is based on the theoretical alignment of each role with the SEC's tripartite mission and the actor's likely utility function regarding regulatory change.

1. **Firms**: This group comprises individuals identified in the C-Suite, Executive, VP, Director, or Managerial tiers, or those affiliated with a company or association. This grouping captures the regulated entity perspective, focusing on compliance costs and capital formation. The classification is reinforced by the model through identifying a formal corporate tone and specific discussions of implementation timelines or cost-benefit analysis.

2. **Sophisticated Investors**: This group includes all authors identified as hedge funds, institutional investors, pension funds, private equity, or venture capitalists. It also includes wealth managers and advisors when they represent high-net-worth or institutional clients. The model distinguishes these actors by their use of technical vocabulary regarding capital allocation, fiduciary duties, and market-wide liquidity.

3. **Experts**: This group aggregates highly specialized technical actors, specifically pro-

fessors and attorneys. These actors are treated as information intermediaries whose preferences are theoretically driven by technical accuracy and market efficiency. The model identifies these participants through their academic or legal titles and their reliance on neutral technical analysis or evidence-based citations.

4. **Retail Investors**: This group consists of authors explicitly identified as retail investors, often including individuals in the Entry/Student tier or those without a professional affiliation. These writers are identified by the model through the absence of institutional affiliation and the presence of first-person narratives involving personal savings, retirement, or the simplicity of disclosures.

Table A3 provides illustrative examples of letter writers of each of these four groups, accompanied by the corresponding rationale used by the model for their classification.

Table A3. Empirical Examples of Classification and Mapping Logic

Group	Name	Affiliation	Classification Rationale
Firms	Kenneth Squire	13D Monitor	Identified as Founder and CEO. While he is an individual, the organizational dominance rule identifies him as a representative of a corporate entity, mapping him to the Firm category.
Firms	Gregg M. Larson	3M Company	Identified as Deputy General Counsel. Although he is an attorney, the organizational dominance rule takes precedence because he is representing 3M Company, focusing on the firm's legal interests.
Firms	John Hearn	1st Global Capital	Identified as a CPA and Registered Representative. Because he represents a corporate entity, organizational dominance dictates that his professional credentials are subsumed under the firm's interest.
Sophisticated	Roderick Munsters	ABP Investments	Identified as CEO of a major pension fund. The institutional investor classification dominates because his primary utility function is the management of institutional assets.
Sophisticated	Tony Gannon	Abbey Capital Ltd	Identified as CEO and CIO of a hedge fund. The model prioritizes the Hedge Fund investor type, reflecting an interest in institutional alpha generation and liquidity.
Sophisticated	Linda Giuliano	AllianceBernstein	The model identifies her as a head of responsible investment for an institutional manager, which maps her to the sophisticated investor group.
Retail	George Vlahos	Retired Superintendent	Identified as a "Retired School Superintendent" and stockholder. The model captures the shift from a professional tier to a retail status based on retirement, focusing on his personal investment stakes.
Retail	Louise N. Trygstad	AAII Member	Identified as a member of the American Association of Individual Investors (AAII). The model decodes this membership as a clear sig-

Figures

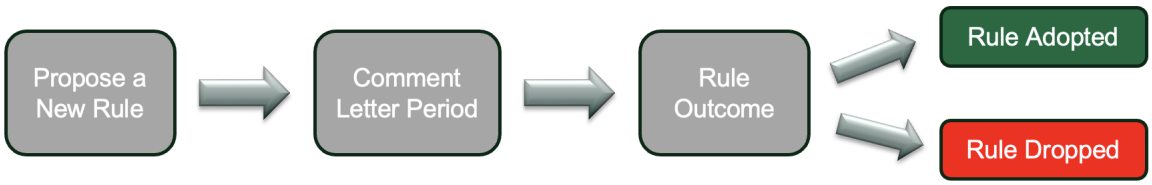


Figure 1. Timeline of SEC Rulemaking.

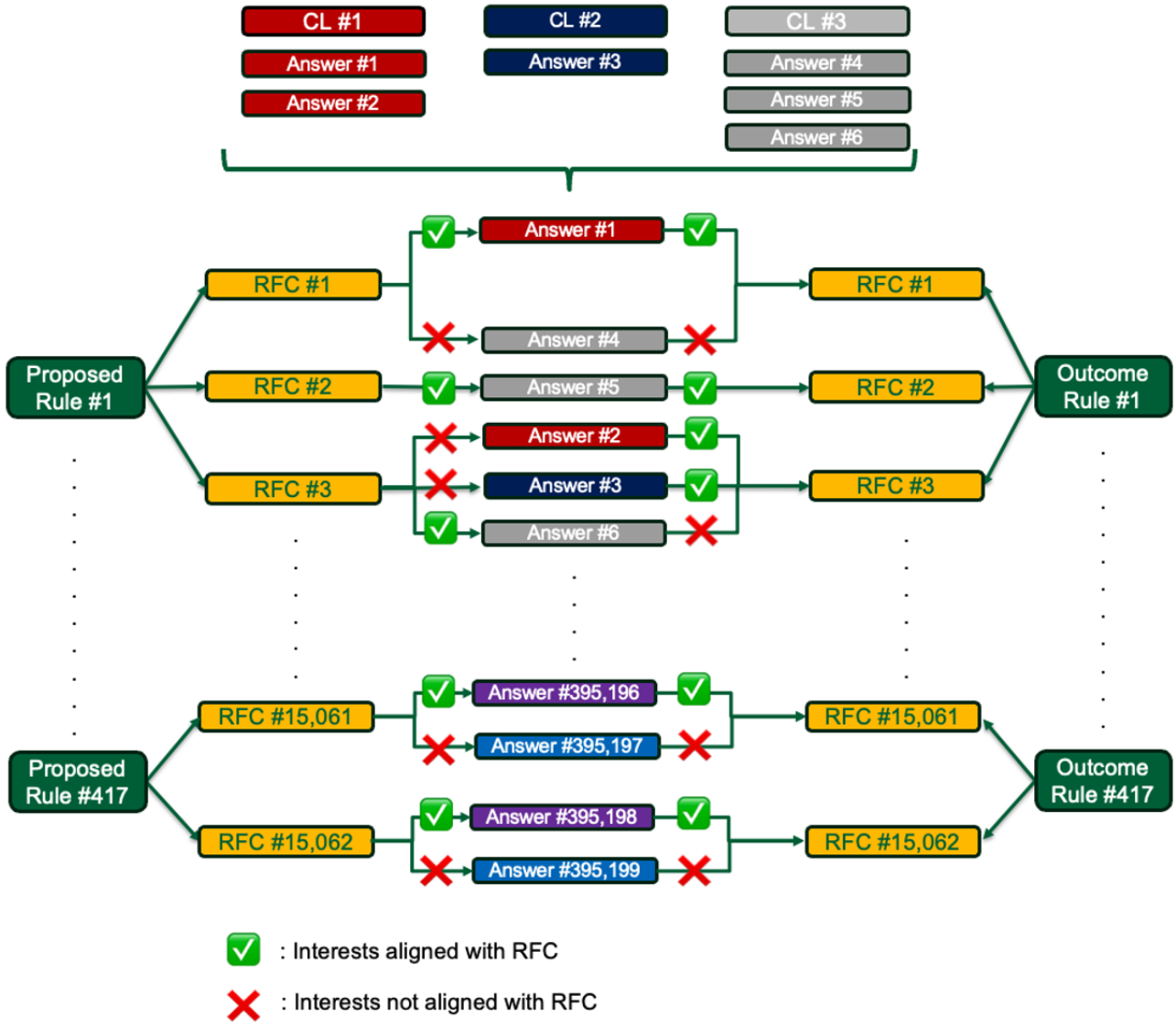


Figure 2. Data Generation and Mapping Process.

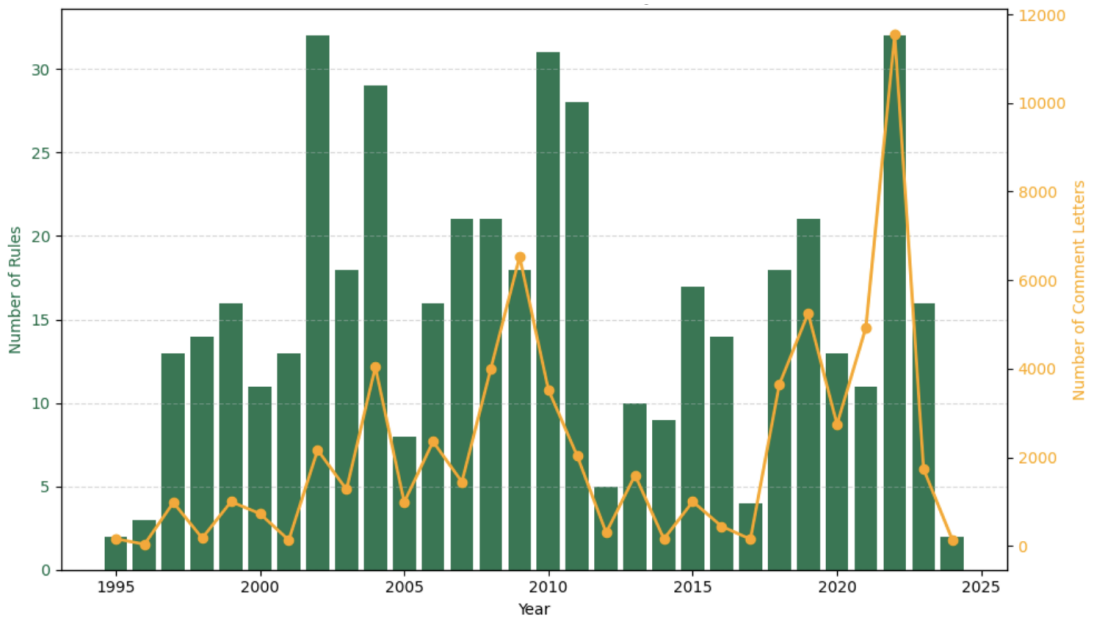


Figure 3. Rules and Comment Letter by Year.

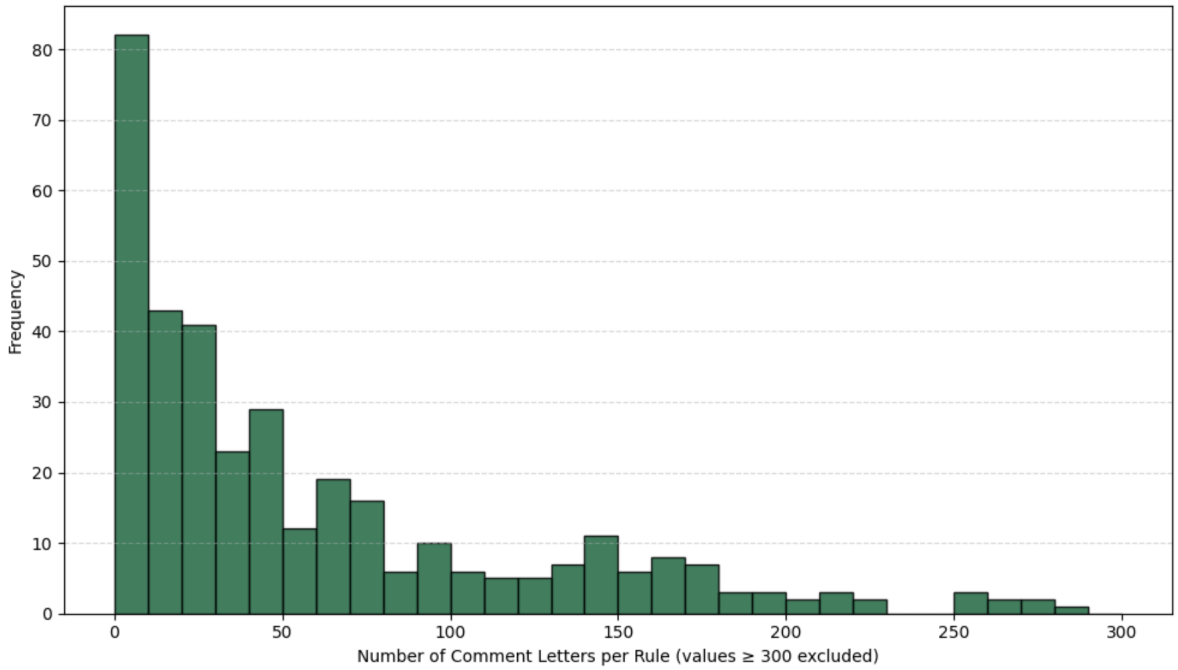


Figure 4. Comment Letters per Rule.

Table 1. Descriptive Statistics
This table reports descriptive statistics for the rules (Panel A), comment letters (Panel B), and answers to Requests-For-Comments (Panel C) in our sample. In Panel C, *Proposal* and *Outcome* are indicators equal to one if the position expressed in the answer is aligned with the proposed RFC text and with the SEC's final outcome on the RFC, respectively, and *Complaint* is an indicator equal to one if the answer contains a complaint about the SEC's rulemaking process. Table A1 provides definitions of all variables.

Panel A: Rule Level

	Mean	Median	S.D.	Minimum	Maximum	Count
Rule Implemented (indicator)	0.76	1	0.43	0	1	417
# of Proposals	1.26	1	0.63	1	6	417
Pages	162.41	92	198.90	1	1,404	395
Comment Letters Received	155.95	29	442	2	4,104	417
RFCs Per Rule	31.48	27	24.82	1	161	417
Answers to RFCs Per Rule	948.11	232	2,775.52	2	38,178	417
Meetings	14.97	1	36.72	0	430	417
Days Until Rule is Adopted	455.25	310	558.22	0	4,599	317

Panel B: Comment Letter Level

Group	Letters	RFCs	Answers	Meeting	Association	Cited
Firms	20,000	12,759	167,082	0.16	0.15	0.23
Sophisticated Investors	1,152	2,175	7,882	0.30	0.07	0.13
Experts	7,263	7,256	40,462	0.17	0.05	0.08
Retail Investors	23,502	3,621	114,283	0.01	0.00	0.01
All Letters	65,030	13,126	395,360	0.12	0.17	0.15

Panel C: Answers-to-the-RFC Level

Group	Answers	Proposal	Outcome	Complaint
Firms	167,082	0.64	0.46	0.32
Sophisticated Investors	7,882	0.56	0.45	0.23
Experts	40,462	0.46	0.47	0.22
Retail Investors	114,283	0.39	0.54	0.40
All Answers	395,360	0.53	0.49	0.31

Table 2. Whose Interests Are Reflected in SEC Rules - Answer-Level Analysis
This table presents the results of estimating Equation (1) at the answer-to-the-RFC level for all SEC rule-makings from 1995 to 2024. The dependent variable is alignment with the proposed RFC in Column (1) and alignment with the RFC's outcome in Columns (2)–(4). Columns (2) and (3) restrict the sample to adopted and dropped RFCs, respectively; Column (4) pools both outcomes. *Firms*, *Sophisticated Investors*, *Experts*, and *Retail Investors* are indicator variables equal to one if the writer of the answer belongs to that group and zero otherwise. Table A1 provides definitions of all variables. All models include RFC fixed effects and cluster standard errors at the rule level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent Variable =	Proposal	Outcome		
Sample	All RFCs	Adopted RFCs	Dropped RFCs	All RFCs
	(1)	(2)	(3)	(4)
Firms	0.079***	0.012**	-0.085***	-0.029***
	(6.63)	(2.03)	(-5.32)	(-2.83)
Sophisticated Investors	0.025	0.001	-0.016	-0.008
	(1.49)	(0.05)	(-0.84)	(-0.69)
Experts	0.006	-0.015**	-0.005	-0.010
	(0.63)	(-2.56)	(-0.47)	(-1.64)
Retail Investors	-0.071***	-0.023**	0.070***	0.025***
	(-3.67)	(-2.44)	(4.17)	(2.71)
Observations	395,360	221,108	168,245	389,353
Fixed effects	RFC	RFC	RFC	RFC
SE cluster	Rule	Rule	Rule	Rule
Adj. R-squared	0.349	0.583	0.332	0.477

Table 3. Agreement Within Groups

This table presents the results of estimating Equation (1) at the answer-to-the-RFC level for all SEC rule-makings from 1995 to 2024. The dependent variable in Columns (1)–(3) is *Outcome*, which equals one if the position expressed in the answer is reflected in the SEC's final outcome on the RFC, and zero otherwise. Columns (1) and (2) restrict the sample to adopted and dropped RFCs, respectively; Column (3) pools both outcomes. *Firms*, *Sophisticated Investors*, *Experts*, and *Retail Investors* are indicator variables equal to one if the writer of the answer belongs to that group and zero otherwise. *Agreement* equals one whenever at least 80% of a group's answers on a given RFC take the same position. Baseline group coefficients in this table represent the group effect when within-group agreement is below the 80% threshold; the total effect under agreement is the sum of the baseline coefficient and the corresponding interaction. Table A1 provides definitions of all variables. All models include RFC fixed effects and cluster standard errors at the rule level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent Variable =	Outcome		
Sample	Adopted RFCs (1)	Dropped RFCs (2)	All RFCs (3)
Firms	0.002	-0.088***	-0.043***
	(0.28)	(-4.69)	(-3.81)
Sophisticated Investors	-0.046***	-0.041*	-0.045***
	(-3.97)	(-1.79)	(-4.11)
Experts	-0.033***	-0.006	-0.021***
	(-3.60)	(-0.44)	(-3.10)
Retail Investors	-0.021	0.043***	0.010
	(-1.57)	(2.98)	(0.92)
Firms × Agreement	0.021**	0.009	0.035***
	(2.53)	(0.68)	(3.65)
Sophisticated Investors × Agreement	0.075***	0.047**	0.064***
	(3.80)	(2.26)	(4.13)
Experts × Agreement	0.035***	0.003	0.022**
	(3.83)	(0.18)	(2.34)
Retail Investors × Agreement	-0.008	0.057***	0.028**
	(-0.59)	(3.26)	(2.28)
Observations	221,108	168,245	389,353
Fixed effects	RFC	RFC	RFC
SE cluster	Rule	Rule	Rule
Adj. R-squared	0.584	0.332	0.477

Table 4. Disagreement Between Different Groups

This table presents the results of estimating Equation (1) at the answer-to-the-RFC level for all SEC rulemakings from 1995 to 2024 while interacting the group indicators with a *Disagreement* variable defined for each pair of groups. The dependent variable in Columns (1)–(6) is *Outcome*, which equals one if the position expressed in the answer is reflected in the SEC's final outcome on the RFC, and zero otherwise. *Firms*, *Sophisticated Investors*, *Experts*, and *Retail Investors* are indicator variables equal to one if the writer of the answer belongs to that group and zero otherwise. *Disagreement* equals one whenever at least 80% of one group's answers support (oppose) a given RFC while at least 80% of the other group's answers oppose (support) the same RFC. The pair of groups whose disagreement is being examined is indicated in each column header. All columns use the full sample of 389,353 answers; baseline group coefficients therefore differ slightly across columns because the set of observations flagged as *Disagreement*=1 changes with the pairing. The total effect of being in group g under pairwise disagreement is the sum of the *Group* baseline and the *Group* × *Disagreement* interaction. Table A1 provides definitions of all variables. All models include RFC fixed effects and cluster standard errors at the rule level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent Variable =	Outcome					
Pair of groups in *Disagreement* =	Firms vs. Retail Inv.	Firms vs. Soph. Inv.	Firms vs. Experts	Soph. Inv. vs. Experts	Soph. Inv. vs. Retail Inv.	Experts vs. Retail Inv.
	(1)	(2)	(3)	(4)	(5)	(6)
Firms	-0.034***	-0.031**	-0.036***	-0.035***	-0.032***	-0.035***
	(-2.86)	(-2.41)	(-2.85)	(-2.61)	(-2.59)	(-2.77)
Sophisticated Investors	-0.012	-0.002	-0.016	-0.008	-0.009	-0.014
	(-0.85)	(-0.12)	(-1.24)	(-0.62)	(-0.72)	(-1.15)
Experts	-0.010	-0.009	-0.001	-0.001	-0.009	-0.002
	(-1.37)	(-1.29)	(-0.09)	(-0.09)	(-1.42)	(-0.33)
Retail Investors	0.033***	0.029***	0.033***	0.026***	0.027***	0.028***
	(3.25)	(3.33)	(3.19)	(2.89)	(2.79)	(2.70)
Firms × Disagreement	0.012	0.003	0.015	0.016	0.011	0.021*
	(1.35)	(0.30)	(1.42)	(1.35)	(0.90)	(1.79)
Sophisticated Investors × Disagreement	0.008	-0.017	0.019	0.001	0.005	0.022
	(0.51)	(-0.84)	(1.24)	(0.07)	(0.24)	(1.22)
Experts × Disagreement	-0.004	-0.003	-0.035***	-0.036***	-0.006	-0.035***
	(-0.39)	(-0.36)	(-3.15)	(-2.90)	(-0.49)	(-2.97)
Retail Investors × Disagreement	-0.044***	-0.016	-0.040**	-0.006	-0.014	-0.023*
	(-3.04)	(-1.33)	(-2.43)	(-0.40)	(-0.82)	(-1.75)
Observations	389,353	389,353	389,353	389,353	389,353	389,353
Fixed effects	RFC	RFC	RFC	RFC	RFC	RFC
SE cluster	Rule	Rule	Rule	Rule	Rule	Rule
Adj. R-squared	0.477	0.477	0.477	0.477	0.477	0.477

Table 5. Participation Through Associations and Alignment in Rulemaking
This table presents the results of estimating Equation (1) at the answer-to-the-RFC level for all SEC rulemakings from 1995 to 2024, examining whether participation through professional or civic associations is associated with a group's preferences being reflected in the rulemaking process. The dependent variable is alignment with the proposed RFC in Column (1) and alignment with the RFC's outcome in Columns (2)–(4); Columns (2) and (3) restrict the sample to adopted and dropped RFCs, respectively, and Column (4) pools both outcomes. *Associations* equals one if the comment letter writer is affiliated with an organization representing shared interests (e.g., professional bodies, NGOs, trade associations). *Firms*, *Sophisticated Investors*, *Experts*, and *Retail Investors* are indicator variables equal to one if the writer of the answer belongs to that group and zero otherwise. The total effect of being in group g and affiliated with an association is the sum of the *Group* baseline coefficient, the *Associations* coefficient, and the *Group* × *Associations* interaction. Table A1 provides definitions of all variables. All models include RFC fixed effects and cluster standard errors at the rule level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent Variable =	Proposal	Outcome		
Sample	All RFCs	Adopted RFCs	Dropped RFCs	All RFCs
	(1)	(2)	(3)	(4)
Firms	0.145***	0.032***	-0.146***	-0.048***
	(12.54)	(3.93)	(-8.23)	(-3.26)
Sophisticated Investors	0.047***	0.003	-0.044**	-0.026*
	(2.91)	(0.19)	(-2.29)	(-1.71)
Experts	0.045***	-0.006	-0.037**	-0.021**
	(4.08)	(-0.81)	(-2.22)	(-2.58)
Retail Investors	-0.025*	-0.005	0.028**	0.014*
	(-1.80)	(-0.68)	(2.03)	(1.85)
Associations	0.172***	0.055***	-0.173***	-0.042***
	(13.28)	(6.94)	(-8.51)	(-2.85)
Firms × Associations	-0.122***	-0.030***	0.117***	0.044***
	(-10.05)	(-3.55)	(6.19)	(3.35)
Sophisticated Investors × Associations	-0.076***	-0.015	0.096***	0.043**
	(-4.11)	(-0.94)	(3.22)	(2.49)
Experts × Associations	-0.066***	-0.007	0.058	0.021
	(-3.33)	(-0.65)	(1.47)	(1.64)
Retail Investors × Associations	-0.046	-0.054***	0.070*	-0.006
	(-1.13)	(-4.21)	(1.95)	(-0.28)
Observations	395,360	221,108	168,245	389,353
Fixed effects	RFC	RFC	RFC	RFC
SE cluster	Rule	Rule	Rule	Rule
Adj. R-squared	0.355	0.584	0.337	0.477

Table 6. Meetings with SEC Officials and Alignment in Rulemaking
This table presents the results of estimating Equation (1) at the answer-to-the-RFC level for all SEC rulemakings from 1995 to 2024, examining whether meetings with SEC officials are associated with a group's preferences being reflected in the rulemaking process. The dependent variable is alignment with the proposed RFC in Column (1) and alignment with the RFC's outcome in Columns (2)–(4); Columns (2) and (3) restrict the sample to adopted and dropped RFCs, respectively, and Column (4) pools both outcomes. *Meeting* equals one if the letter writer or affiliated entity met with SEC officials during the rulemaking process. *Firms*, *Sophisticated Investors*, *Experts*, and *Retail Investors* are indicator variables equal to one if the writer of the answer belongs to that group and zero otherwise. The total effect of being in group g and having attended a meeting is the sum of the *Group* baseline coefficient, the *Meeting* coefficient, and the *Group* × *Meeting* interaction. Meeting attendance is highly uneven across groups: only 1% of retail investors' answers are associated with meetings, so the *Retail Investors* × *Meeting* coefficients should be interpreted with caution. Table A1 provides definitions of all variables. All models include RFC fixed effects and cluster standard errors at the rule level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent Variable =	Proposal	Outcome		
Sample	All RFCs	Adopted RFCs	Dropped RFCs	All RFCs
	(1)	(2)	(3)	(4)
Firms	0.081***	0.013**	-0.084***	-0.029***
	(7.03)	(2.22)	(-5.48)	(-2.79)
Sophisticated Investors	0.028	-0.002	-0.010	-0.008
	(1.64)	(-0.12)	(-0.50)	(-0.67)
Experts	0.011	-0.014**	-0.010	-0.012*
	(1.11)	(-2.09)	(-0.92)	(-1.81)
Retail Investors	-0.061***	-0.019**	0.062***	0.022**
	(-3.44)	(-2.08)	(4.01)	(2.56)
Meeting	0.134***	0.034***	-0.154***	-0.029**
	(7.82)	(4.11)	(-6.09)	(-2.13)
Firms × Meeting	-0.062***	-0.016*	0.063***	0.009
	(-4.06)	(-1.77)	(2.75)	(0.69)
Sophisticated Investors × Meeting	-0.021	0.037	-0.040	-0.001
	(-0.68)	(1.58)	(-1.08)	(-0.03)
Experts × Meeting	-0.032	-0.001	0.063*	0.017
	(-1.59)	(-0.06)	(1.94)	(1.07)
Retail Investors × Meeting	0.025	0.000	-0.033	-0.048
	(0.86)	(0.02)	(-0.86)	(-1.61)
Observations	395,360	221,108	168,245	389,353
Fixed effects	RFC	RFC	RFC	RFC
SE cluster	Rule	Rule	Rule	Rule
Adj. R-squared	0.352	0.584	0.335	0.477

Table 7. Comment Letter Cited in the Final Rule

This table presents the results of regressing the comment letter being cited in the final rule on the identity of the letter writer using data at the comment letter-level. The dependent variable, *Cited* (Multiple Cites) [Log of Cites] in Columns (1) (2) [3] is an indicator variable that equals one if that comment letter was cited by the SEC in the final rule (if that comment letter was cited multiple times by the SEC in the final rule) [the log of one plus how many times the letter was cited in the final rule]. *Firms*, *Sophisticated Investors*, *Experts*, and *Retail Investors* are indicator variables equal to one if the writer of the answer belongs to that group and zero otherwise (omitted category: other writers). Table A1 provides definitions of all variables. All models include Rule fixed effects and standard errors are clustered at the rule level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent Variable =	Cited (1)	Multiple Cites (2)	Log of Cites (3)
Firms	0.105***	0.088***	0.108***
	(5.02)	(5.66)	(5.42)
Sophisticated Investors	0.022	0.017	0.025
	(1.18)	(1.20)	(1.49)
Experts	0.031***	0.020**	0.027***
	(2.96)	(2.48)	(2.66)
Retail Investors	-0.038***	-0.029***	-0.037***
	(-2.82)	(-2.85)	(-2.84)
Observations	52,116	52,116	52,116
Fixed effects	Rule	Rule	Rule
SE cluster	Rule	Rule	Rule
Adj. R-squared	0.365	0.325	0.365
Sample	Letters on Adopted Rules	Letters on Adopted Rules	Letters on Adopted Rules

Table 8. Group Support and RFC Adoption

This table presents the results of regressing whether an RFC was adopted on group-level support measures, using data at the answer-to-the-RFC level for all SEC rulemakings from 1995 to 2024. The dependent variable in Columns (1)–(5) is *Adopted*, which equals one if the RFC was ultimately adopted. *Firms Support*, *Sophisticated Investors Support*, *Experts Support*, and *Retail Investors Support* are indicator variables equal to one if at least 80% of the writers in that group supported the adoption of the RFC when it was proposed. Columns (1)–(4) enter each group's support measure separately; Column (5) includes all four simultaneously. Table A1 provides definitions of all variables. All models include rule fixed effects and cluster standard errors at the rule level. The symbols ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Dependent Variable =	Adopted				
Support measures included:	Firms only (1)	Soph. Inv. only (2)	Experts only (3)	Retail Inv. only (4)	All groups (5)
Firms Support	0.092***				0.047**
	(2.86)				(2.24)
Sophisticated Investors Support		0.142***			0.104***
		(2.94)			(2.82)
Experts Support			0.097***		0.044***
			(3.03)		(2.79)
Retail Investors Support				0.111*	0.032
				(1.95)	(0.88)
Observations	391,223	391,223	391,223	391,223	391,223
Fixed effects	Rule	Rule	Rule	Rule	Rule
SE cluster	Rule	Rule	Rule	Rule	Rule
Adj. R-squared	0.632	0.635	0.632	0.631	0.639