

Via Electronic Comments

June 25, 2026

Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File Number S7-2026-15, Semiannual Reporting

Dear Secretary Countryman:

The Council of Institutional Investors (CII)¹ respectfully submits this letter in response to the Securities and Exchange Commission’s (SEC or Commission) request for comments on its proposed “amendments to allow companies to file semiannual reports on Form 10-S in lieu of quarterly reports on Form 10-Q to meet their interim reporting obligations under the Securities Exchange Act of 1934 (‘Exchange Act’)” (Proposed Rule).² CII opposes the Proposed Rule.

CII is a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately \$5.2 trillion. Our member funds include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families, including public pension funds with more than 15 million participants – true and real “Main Street” investors through their pension funds. Our associate members include non-U.S. asset owners with about \$5.8 trillion in assets, and a range of asset managers with more than \$74 trillion in assets under management.

CII has long held the view that the requirement to file on a quarterly basis data-tagged financial statements and related footnotes on Form 10-Q and have those statements subject to an independent auditor review and management certification is a key element of the timely and accurate information flow that underpins the quality and efficiency of the U.S. capital markets. That requirement helps ensure that important information is promptly and transparently provided to the marketplace, allowing investors to assess concrete progress against strategic goals. In addition, CII believes that permitting less frequent reporting would lead to greater share price volatility, and more intense investor focus on short-term share price fluctuations, as investors

¹ For more information about the Council of Institutional Investors (CII), including its board and members, please visit CII’s website at <http://www.cii.org>.

² See Semiannual Reporting, Securities Act Release No. 11414, Exchange Act Release No. 105368, Trust Indenture Act Release No. 2563, Investment Company Act Release No. 36140, 91 Fed. Reg. 24,968 (proposed May 5, 2026), <https://www.federalregister.gov/documents/2026/05/07/2026-09095/semiannual-reporting>.

expend effort guessing how well the company is performing. As such, requiring quarterly financial reports on Form 10-Q is an important reality check for investors on stock valuation.

Conversely, CII does not believe that requiring quarterly reporting on Form 10-Q materially reduces the number of U.S public companies or initial public offerings (IPO). The Proposed Rule does not provide an adequate basis for us to reach a different conclusion.

The remainder of this letter addresses select questions raised in the “Request for Comment” sections of the Proposed Rule that are directed at investors or for which we have strongly held views.³

1. The proposed amendments would allow Exchange Act reporting companies to elect to file interim reports on a semiannual basis in lieu of quarterly reports on Form 10-Q. Should companies have this option, or should all companies continue to be required to file Form 10-Q? What types of companies are likely to elect the option to file semiannual reports? Are companies in certain industries more likely than those in other industries to elect to file semiannual reports?⁴

As in 2019 when the Commission last solicited comments on quarterly reports,⁵ CII believes that *all* reporting companies under the Exchange Act should continue to be required to file quarterly reports on Form 10-Q.⁶ The Commission considered and rejected a move to semiannual reporting in 2019 on considerations that remain valid today.⁷

We also continue to believe that requiring quarterly reporting benefits investors, companies, and the U.S. capital markets.⁸ More specifically, we believe having timely, accurate, and comparable information from all reporting companies allows long-term investors to make more informed investment and voting decisions which leads to more accurate market

³ *Id.* at 24,978-83, 24,985-86, 25,011.

⁴ *Id.* at 24,978.

⁵ See Request for Comment on Earnings Releases and Quarterly Reports, Securities Act Release No. 10,588, Exchange Act Release No. 84,842, 83 Fed. Reg. 65,601 (Dec. 21, 2018), <https://www.govinfo.gov/content/pkg/FR-2018-12-21/pdf/2018-27663.pdf>.

⁶ See, e.g., Letter from Jeffrey P. Mahoney, General Counsel, CII to Brent J. Fields, Secretary, Securities and Exchange Commission, Re: File No. S7-26-18 at 1 (Mar. 21, 2019), <https://www.sec.gov/comments/s7-26-18/s72618-5189776-183593.pdf> (“CII believes that investors, companies, and other market participants benefit from the current reporting frequency model, which requires from domestic issuers filing quarterly reports on Form 10-Q.”).

⁷ See Letter from Shivaram Rajgopal, the Roy Bernard Kester and T.W. Byrnes, Professor of Accounting and Auditing to Vanessa A. Countryman, Secretary, Securities and Exchange Commission Re: File No. S7-2026-15; Release Nos. 33-11414; 34-105368; 39-2563; IC-36140 — Semiannual Reporting (Proposed Rule) (June 3, 2026), <https://www.sec.gov/comments/S7-2026-15/s7202615-799759-2420026.pdf>.

⁸ See, e.g., Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov’t 21-22 (Mar. 12, 2026) (statement of Stephen Berger, Managing Director, Global Head of Government & Regulatory Policy, Citadel) (on file with CII) (“I do believe that quarterly reporting benefits investors, benefits the broader market, and benefits issuers themselves.”).

valuations that better optimizes the allocation of capital to the U.S. economy.⁹ This view is confirmed by empirical research finding that less frequent reporting creates excessive swings in stock prices harming the efficiency of the financial markets.¹⁰

In addition, according to researchers, neither the United Kingdom (UK) nor the European Union has enjoyed better valuations, better capital raising, or a healthier IPO market as the result of their voluntary quarterly reporting framework.¹¹ To the contrary, researchers have noted unwelcome earnings surprises, increased stock volatility, and reduced analyst coverage

⁹ See *id.* (“So having quarterly reporting, having that timely, accurate, and comparable information from all publicly listed companies allows investors to make more informed investment decisions that leads to more accurate market valuations that better optimizes the allocation of capital to the real economy.”); Recommendation of the Investor Advisory Committee Regarding Quarterly vs. Semiannual Reporting 10-11 (June 4, 2026), <https://www.sec.gov/files/recs-iac-re-quarterly-vs-semiannual-reporting-062026.pdf> (“[T]he SEC should not eliminate its quarterly reporting mandate for public companies, as doing so would deprive the markets of timely, material information, and thereby undermine informed investor decision making and the efficient allocation of capital among public companies.”); *cf.* Letter from Paul Schott Stevens, President & CEO Investment Company Institute to Vanessa Countryman, Acting Secretary, Securities and Exchange Commission, Re: Request for Comment on Earnings Releases and Quarterly Reports (File No. S7- 26-18) 4 (Mar. 21, 2019), <https://www.sec.gov/comments/s7-26-18/s72618-5164794-183439.pdf> (“Changing from quarterly to semi-annual reporting would diminish the amount and timeliness of information available to fund managers, thereby hindering their ability to analyze company performance and make informed investment decisions [and] . . . [s]emi-annual reporting would diminish the amount and timeliness of information available to investors and inhibit their ability assess the fundamental value of securities [and] . . . [a] change to semi-annual reporting also may increase the cost of equity capital for public companies and thereby diminish their long-term prospects.”).

¹⁰ See The Benefits of Quarterly Reporting with Salman Arif, CII Voice of Corp. Governance (Sept. 10, 2018), available at <https://www.buzzsprout.com/202904/episodes/799945> (“What we find is . . . the stock prices of these semi-annual firms, they go down too much because investors sort of don't know what the impact of this news is going to be on the actual firm and they just prefer to sell the stock immediately than wait many months to figure out what the impact was [and] this makes these stocks much more risky, it creates excessive swings in asset prices and it harms the efficiency of financial markets.”); Letter from Paul Schott Stevens, President & CEO Investment Company Institute to Vanessa Countryman, Acting Secretary, Securities and Exchange Commission, Re: Request for Comment on Earnings Releases and Quarterly Reports (File No. S7- 26-18) at 4 & n.9 (citing “Financial Reporting Frequency, Information Asymmetry, and the Cost of Equity; Renhui Fu, Rotterdam School of Management, Erasmus University; Arthur Kraft, Sir John Cass Business School, City University of London; and Huai Zhang, Nanyang Business School, Nanyang Technological University, available at: <https://pdfs.semanticscholar.org/6a2d/be34a31acfd4f8a5841719656a4727a385f3.pdf> [and commenting that] [t]he study examined the cost of equity capital for these two groups of reporting companies and concluded that the cost of equity capital decreased significantly for those companies that adopted quarterly reporting.”).

¹¹ See Shivaram Rajgopal, The SEC’s Semi-Annual Reporting Proposal: A Solution in Search of a Problem, *Forbes.com* (May 5, 2026), <https://www.forbes.com/sites/shivaramrajgopal/2026/05/05/the-secs-semi-annual-reporting-proposal-a-solution-in-search-of-a-problem/> (“As the Goldman Sachs European equity strategists examined, the outcomes were not obviously favorable, not better valuations, not better capital raising, and not a healthier IPO market.”); see also Letter from Shivaram Rajgopal, the Roy Bernard Kester and T.W. Byrnes Professor of Accounting and Auditing to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, Re: File No. S7-2026-15; Release Nos. 33-11414; 34-105368; 39-2563; IC-36140 — Semiannual Reporting (Proposed Rule) (“The empirical evidence from the United Kingdom — the natural experiment the proposal’s proponents cite as the model — shows no reduction in short-termism, no increase in investment, and no improvement in market quality from reduced reporting frequency.”).

that counsel against a shift.¹² Finally, we believe that the discipline resulting from requiring quarterly reporting keeps corporate management more accountable, in turn enhancing investor confidence in the U.S. capital markets.¹³

We note that our view is supported by the results of the 2026 CFA Institute member survey (2026 CFA Survey) which finds only 35% of respondents supported moving from quarterly to semiannual reporting.¹⁴

3. Our proposal would permit semiannual reports for all Exchange Act reporting companies that file Form 10–Q today, regardless of filer status, revenues, market capitalization, or other criteria. Should the option for semiannual reporting be available only for Exchange Act reporting companies that satisfy certain criteria? If so, what criteria should be imposed and why? For example, should only emerging growth companies or smaller reporting companies be allowed to report semiannually?¹⁵

CII does not support making semiannual reporting available to Exchange Act reporting companies that satisfy specified criteria such as emerging growth companies, smaller reporting companies, or companies below alternative quantitative or monetary thresholds.

We support quarterly reporting for all public companies, regardless of size. We believe investors need to be able to compare the performance of companies, large and small, across a given industry. Any regulatory change to permit semiannual reporting, including allowing semiannual reporting by emerging growth companies or smaller companies, would frustrate such comparisons and even create disincentives for investors to invest their capital in those companies.¹⁶ If anything, investors are likely to want more frequent reporting by emerging

¹² See Shivaram Rajgopal, *The SEC’s Semi-Annual Reporting Proposal: A Solution in Search of a Problem*, Forbes.com (“[C]ompanies that voluntarily moved back from quarterly to semi-annual reporting after 2014 in the UK have experienced a reduction in analyst coverage [and] . . . [l]ower analyst following means less price efficiency, higher bid-ask spreads, and higher costs of equity capital — outcomes that are precisely contrary to the stated goal of encouraging more companies to go and stay public.”); *see also* Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov’t at 22 (statement of Stephen Berger, Managing Director, Global Head of Government & Regulatory Policy, Citadel) (“And it benefits, I think, the issuers themselves because it increases the amount and quality of analyst research coverage and academic research has also shown that it can help lower bid-ask spreads and increase trading liquidity in their publicly traded stocks.”).

¹³ *See, e.g.*, Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov’t at 22 (statement of Stephen Berger, Managing Director, Global Head of Government & Regulatory Policy, Citadel) (“So having quarterly reporting, having that timely, accurate, and comparable information from all publicly listed companies allows investors to make more informed investment decisions that leads to more accurate market valuations that better optimizes the allocation of capital to the real economy.”).

¹⁴ *See* Sandra Peters, CPA, CFA & Matthew Winters, CPA, CFA, *Investors Perspectives: Quarterly Reporting*, CFA Institute 38 (Draft Apr. 2026), <https://rpc.cfainstitute.org/sites/default/files/docs/research-reports/investor-perspectives-quarterly-reporting-2026.pdf>.

¹⁵ 91 Fed. Reg. at 24,978 (emphasis added & footnote omitted).

¹⁶ *See, e.g.*, Letter from Paul Schott Stevens, President & CEO, Investment Company Institute to Vanessa Countryman, Acting Secretary, Securities and Exchange Commission, Re: Request for Comment on Earnings

growth companies and smaller companies because their business prospects are less certain and likely to change more quickly over time as compared to larger companies.¹⁷

Our view was confirmed by the results of the 2026 CFA Survey which found:

[T]here was . . . 27% . . . [support] among survey respondents [23% of respondents in Americas region] for reducing reporting frequency for smaller companies . . . [And] [s]upport for this alternative was lower than what we observed in our 2019 survey (38%) by 11 percentage points.

Comments suggest that investors favor uniform reporting frequency so they can compare results across the companies they cover and because heterogeneous reporting frequency introduces undesirable complexity.¹⁸

6. If adopted, would semiannual reporting have an impact on investors' ability to compare same-company performance over time? Why or why not?¹⁹

CII believes that, if adopted, semiannual reporting would compromise the ability of investors to compare same-company performance over time.²⁰ As Jonathan Weil of the *Wall Street Journal* recently commented: “For investors [the Proposed Rule] would mean less transparency and less frequent updates on the data they crave.”²¹ Less frequent reporting reduces the number of observations available to investors, making it more difficult to identify trends in same-company performance in a timely manner. As explained by the SEC Investor Advisory Committee (IAC) Chairman George S. Georgiev at the June 2026 IAC meeting:

The way I think about these issues is . . . do we lose something by doing away with quarterly disclosure requirements. And so we've known for a very long time that disclosure improves the informational efficiency of securities prices. And price is the most important aspect of any purchase. So an investment can be a good

Releases and Quarterly Reports (File No. S7- 26-18) at 4 (“Any move toward greater ‘flexibility’ in reporting frequency, such as allowing semi-annual reporting by smaller companies, would frustrate such comparisons and even create disincentives for investors to invest their capital in smaller companies).

¹⁷ *Id.* at 4-5 (“If anything, investors are likely to want more frequent reporting by smaller companies because their business prospects are less certain and likely to change more quickly over time as compared to larger companies.”).

¹⁸ Sandra Peters, CPA, CFA & Matthew Winters, CPA, CFA, *Investors Perspectives: Quarterly Reporting*, CFA Institute at 39-40.

¹⁹ 91 Fed. Reg. at 24,979 (emphasis added).

²⁰ *See, e.g.*, Letter from Jeffrey P. Mahoney, General Counsel, CII to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, *Re: SEC Solicitation of Public Comment on the Foreign Private Issuer Definition, File No, S70-2025-01* at 5 (Sept. 4, 2025), [https://www.cii.org/files/issues_and_advocacy/correspondence/2025/09-04-2025%20Comment%20Letter%20to%20SEC%20re%20Foreign%20Private%20Issuers%20\(JPM\)%20BM%20\(Final\).pdf](https://www.cii.org/files/issues_and_advocacy/correspondence/2025/09-04-2025%20Comment%20Letter%20to%20SEC%20re%20Foreign%20Private%20Issuers%20(JPM)%20BM%20(Final).pdf) (“The exemption from filing Form 10-Q may compromise the ability of investors to assess how a company is progressing in its performance over time.”).

²¹ Jonathan Weil, *No More Quarterly Reports? What the SEC is Proposing Instead*, *Wall St. J.*, May 8, 2026, <https://www.wsj.com/livecoverage/april-jobs-report-stock-market-05-08-2026/card/watch-no-more-quarterly-reports-what-the-sec-is-proposing-instead-3aT8CCtzHuFEsJCFvLA1>.

investment or a bad investment depending on the price at which you buy it. And the information that is provided as a result of disclosure is impounded [in] the price of securities. And without information, you can't actually be sure that the security is worth as [much] . . . as it is worth. And of course, quarterly earnings provide a very strong indicator about performance in the business, which impacts price.²²

- 7. What effect would our proposal have on investors' ability to compare the relative peer company financial performance of a quarterly filer to a semiannual filer? For example, can an investor reasonably compare a quarterly filer to a semiannual filer where the companies have the same fiscal year and the comparison is sought to be made in the second quarter (when first quarter information that would be subsumed in the semiannual filer's semiannual report on Form 10-S is not yet available) or made in the fourth quarter (when third quarter information that would be subsumed in the semiannual filer's annual report on Form 10-K is not yet available)?²³**

As indicated in response to Question 3, CII believes the Proposed Rule would impair investors' ability to compare the relative peer company financial performance of a quarterly filer to a semiannual filer. Our view is supported by the 2026 CFA Survey results which found that "84% of respondents . . . agreed that different companies having different reporting frequencies will make comparing companies and industries more difficult."²⁴

- 15. As an alternative to the proposal for optional semiannual reporting, should we instead revise the disclosure requirements of Form 10-Q to reduce the burden on reporting companies of filing this form, such as amending the current rules for the required interim financial statement review by an independent public accountant, XBRL data tagging, MD&A, information about unregistered sales of registrant securities pursuant to 17 CFR 229.701 (Item 701 of Regulation S-K), or year-to-date comparisons involving financial statements and MD&A? How should these requirements, or any other requirements of Form 10-Q, be revised? What aspects of Form 10-Q's current reporting framework are most burdensome for reporting companies?²⁵**

CII would not oppose as an alternative to the Proposed Rule, the suggestion by SEC Commissioner Hester M. Peirce, that the SEC consider potential revisions to the disclosure requirements of Form 10-Q.²⁶ We note that a number of commentators to the Proposed Rule

²² Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov't 129 (June 4, 2026) (on file with CII) (remarks of George S. Georgiev, Chairman, Investor Advisory Committee).

²³ 91 Fed. Reg. at 24,979 (emphasis added).

²⁴ Sandra Peters, CPA, CFA & Matthew Winters, CPA, CFA, Investors Perspectives: Quarterly Reporting, CFA Institute at 103.

²⁵ 91 Fed. Reg. at 24,979 (emphasis added).

²⁶ See Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov't at 10 (remarks of Hester M. Peirce, Commissioner, U.S. Securities and Exchange Commission) ("should we streamline the reporting burden rather than adjusting whether that burden happens quarterly or not?"); Commissioner Hester Peirce, Statement, Quarterly Questions: Statement on the Proposed Amendments to Allow Semiannual Reporting (May 5, 2026), <https://www.sec.gov/newsroom/speeches-statements/peirce-statement->

have expressed support for a similar alternative.²⁷ As explained by Stephen Berger, Managing Director, Global Head of Government & Regulatory Policy at Citadel during the March 2026 IAC meeting:

[F]or investors, I think that cost benefit is pretty clear. [That] . . . more information is going to be more helpful. But I think we shouldn't just assume it's only a one-way street in terms of that additional disclosure is only a cost to the companies themselves. I think, again, if we right size the disclosure that's required, then we can sort of better reduce the cost associated with the reporting and disclosure, but preserve the benefits that companies would get in terms of investor eyeballs, research analyst eyeballs, the better quality metrics in the market -- secondary market trade.²⁸

We, however, note that our long-standing view is that each of the following four existing requirements of Form 10-Q should be retained because they provide incremental net benefits to investors and the capital markets by “increas[ing] the quality and usefulness of the information and foster[ing] discipline and accountability for the company’s reporting practices”.²⁹

[1] Independent Auditor Review: The independent auditor’s review and report on the company’s quarterly financial information contained in the Form 10-Q provides the accountant with a basis for communicating to the investor and the public whether he or she is aware of any material modifications that should be made to the quarterly financial information for it to conform to with generally accepted accounting principles;

[2] Management Certification: The Chief Executive Officer and Chief Financial Officer certifications accompanying the Form 10-Q state, among other things, that the report “fully complies” with the requirements of Exchange Act Sections 13(a) and 15(d) and that “information contained in the periodic report fairly presents, in

[proposing-semiannual-reporting-050526](#) (“an approach that focuses on slimming down the Form 10-Q—instead of or in addition to making it optional—could be helpful”).

²⁷ See Letter from Shivaram Rajgopal, the Roy Bernard Kester and T.W. Byrnes Professor of Accounting and Auditing to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, Re: File No. S7-2026-15; Release Nos. 33-11414; 34-105368; 39-2563; IC-36140 — Semiannual Reporting (Proposed Rule) (“If the Commission wishes to reduce the burden of quarterly reporting, the correct instrument is to streamline the contents of the 10-Q while preserving its frequency [and] [t]hat reform would reduce genuine costs without degrading the public-information commons that investors, analysts, creditors, index providers, derivatives desks, auditors, and the Commission’s own staff have built their work on.”); The Editorial Board, Investors Benefit From More Financial Data, Not Less, Bloomberg Gov’t (May 13, 2026) (on file with CII) (“The SEC, which [lost about 18% of its staff](#) last year, shouldn’t be wasting its depleted resources on an unnecessary regulatory change [and] [i]ts time would be better spent streamlining disclosure demands . . .”).

²⁸ Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov’t at 33.

²⁹ See, e.g., Letter from Jeffrey P. Mahoney, General Counsel, CII to Brent J. Fields, Secretary, Securities and Exchange Commission, Re: File No. S7-26-18 at 3.

all material respects, the financial condition and results of operations of the issuer”;^{30]}

[3] “Filed” versus “Furnished:” Filing rather than furnishing the Form 10-Q to the SEC subjects company management to enhanced civil liability for false or misleading statements contained in the quarterly reports; and

[4] Data Tagging: extensible Business Reporting Language (XBRL) data tagging is generally required “for all primary financial statements, notes, and financial statement schedules filed with the SEC.”^[31]^{32]}

We continue to believe the above requirements provide incremental information that provides net benefits to investors and the capital markets. Our view is generally consistent with the 2026 CFA Survey results finding that 69% of respondents have had their views of a company impacted by the incremental information included in a Form 10-Q filing as compared to the information in an earnings release.³³

16. What impact would the flexibility to file semiannual reports on Form 10–S, instead of quarterly reports on Form 10–Q, have on a private company’s decision to become an Exchange Act reporting company? Would more companies choose to go public under the proposed flexible approach to interim reporting? What impact would the proposed

³⁰ The Shadow SEC and Quarterly Reports with Professor James Cox, CII Voice of Corp. Governance (Nov. 10, 2025), available at <https://open.spotify.com/episode/4cghCrwvUtKGI1g5aneYPq> (commenting on the importance of management certification of Form 10-Q: “So it's truly prophylactic to have these quarterly reports because what it does it makes people sit down [and] [w]e . . . forget that [prior to the Sarbanes-Oxley Act of 2002] the number of large publicly held companies that the CEO had not looked at the quarterly reports or the annual reports when they were released . . . [t]hey were just delegated [and] [s]o we're a long ways from the dot com era, thank God [and] [l]et's don't go back to it.”).

³¹ See Letter from Shivaram Rajgopal, the Roy Bernard Kester and T.W. Byrnes Professor of Accounting and Auditing to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, Re: File No. S7-2026-15; Release Nos. 33-11414; 34-105368; 39-2563; IC-36140 — Semiannual Reporting (Proposed Rule) (“The serious policy frontier in disclosure is timelier and more structured data, machine-readable XBRL, and potentially continuous assurance — not cutting the equity market’s fundamental-data feed in half [and] [t]he Commission is proposing to march public companies in the one direction the rest of the financial plumbing has already rejected.”); The Shadow SEC and Quarterly Reports with Professor James Cox, CII Voice of Corp. Governance (“But one of the great benefits of SEC reporting is we made this stuff all machine readable [and] [i]t's all searchable [and] . . . it enhances comparability [a]nd so we don't want to go to a regime which is we're going backwards in time and saying, well, gee, we know computers can all those do these comparisons, but we're going to let people put things in a way that really makes them not comparable.”); Letter from Eric Veiel, Vice President, Co-Head of Global Equity & Andrew McCormick, Vice President, Head of Fixed Income, T.Rowe Price to Ms. Vanessa Countryman, Acting Secretary, U.S. Securities and Exchange Commission, Re: File No. S-26-18 (Release Nos. 33-10588 and 34-84842) Request for Comment on Earnings Releases and Quarterly Reports 3 (Mar. 20, 2019), <https://www.sec.gov/comments/s7-26-18/s72618-5169967-183490.pdf> (“The content provided in 10-Q reports of most value to us includes standardized, XBRL tagged, GAAP data that we ingest into numerous data systems; . . .”).

³² Letter from Jeffrey P. Mahoney, General Counsel, CII to Brent J. Fields, Secretary, Securities and Exchange Commission, Re: File No. S7-26-18 at 3-4 (footnotes omitted).

³³ See Sandra Peters, CPA, CFA & Matthew Winters, CPA, CFA, Investors Perspectives: Quarterly Reporting, CFA Institute at 69 (“Exhibit 28: Incremental Form 10-Q Information Can Affect Decision-Making”).

flexible approach have on existing Exchange Act reporting companies' desire to remain public companies?³⁴

CII believes the proposed flexibility to file semiannual reports on Form 10–S, instead of quarterly reports on Form 10–Q *would not*: (1) have a material impact on a private company's decision to become an Exchange Act Reporting company; (2) lead to materially more companies choosing to go public; or (3) materially impact Exchange Act reporting companies desire to remain public companies.

The basis for our view is generally consistent with the analysis contained in the June 4, 2026, Recommendation of the Investment Advisory Committee Regarding Quarterly v. Semiannual Reporting (IAC Recommendation).³⁵ The IAC Recommendation raises unanswered questions about whether the Proposed Rule would reduce Exchange Act reporting company costs and whether those reduced costs (to the extent they exist) would increase the number of IPOs or public companies:

The cost-reduction premise underlying the Proposal is also poorly substantiated by the empirical record. Although shifting from a quarterly disclosure mandate to a semiannual mandate would reduce the direct public disclosure filing costs for public companies, the [Proposed Rule] . . . itself estimates that the approximate net reduction in direct compliance costs would be only \$198,000 per fiscal year for each issuer that switches to semiannual reporting. Public companies would still need to maintain accurate financial information as part of their ordinary operations, including for purposes of day-to-day business management. As a result, the costs associated with maintaining complete, accurate and reliable financial information would remain even without a quarterly disclosure mandate.

Moreover, the premise that the compliance cost burden of being a public company deters firms from going public has been undermined by empirical work, which

³⁴ 91 Fed. Reg. at 24,979 (emphasis added).

³⁵ Recommendation of the Investor Advisory Committee Regarding Quarterly vs. Semiannual Reporting at 7.

found that the observed declines in IPO activity have been driven by demand-side and market-structure factors rather than by the cost of disclosure compliance.^[36]³⁷

18. What is the likelihood that companies that elect semiannual reporting will continue to issue quarterly earnings releases (to the extent they did so previously when they reported quarterly)? Why would semiannual filers still issue earnings releases on a quarterly basis? Would this practice create any new or heightened investor protection concerns? For example, would there be any new investor protection concerns if an Exchange Act reporting company with a December 31 year-end elects to file semiannual reports and issues an earnings release for the first quarter of the fiscal year, with the semiannual report for the first six months of the fiscal year (which includes that first quarter) not due until months later (e.g., in August of that fiscal year)? Would companies that currently issue quarterly earnings releases but elect to become semiannual filers change their earnings release practices either: (1) to issue earnings releases semiannually, or (2) to cease issuing earnings releases? Please provide any data or analysis regarding any experience with earnings releases in foreign jurisdictions where issuers report semiannually.³⁸

³⁶ See Michael Ewens et al., Regulatory Costs of Being Public: Evidence from Bunching Estimation, 153 J. Fin. Econ. 103775 (2024), available at <https://www.sciencedirect.com/science/article/abs/pii/S0304405X23002155> (“Removing SOX only increases the average annual IPO likelihood after 2000 from 0.95% to 0.96%, because many potential IPO candidates are small enough to be exempted from this regulation [and] [r]emoving all estimated regulatory costs increases the average annual IPO likelihood after 2000 from 0.95% to 1.4%, which explains only 7.3% of the decline in IPO likelihood from pre-2000 to post-2000.”); Regulatory Costs of Being Public: Evidence From Bunching Estimation with Michael Ewens, CII Voice of Corp. Governance (Aug. 22, 2024), available at <https://www.buzzsprout.com/202904/episodes/15626339-regulatory-costs-of-being-public-evidence-from-bunching-estimation-with-michael-ewens> (“[O]ne explanation for the decline in public firms is the huge increase in capital available to private firms [and] [t]hat is, the cost of private equity has fallen dramatically. . . . [and] [t]hat explains, . . . a big fraction of what we've seen over the last 20-plus years in the US.”); cf. Letter from Shivaram Rajgopal, the Roy Bernard Kessler and T.W. Byrnes Professor of Accounting and Auditing to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, Re: File No. S7-2026-15; Release Nos. 33-11414; 34-105368; 39-2563; IC-36140 — Semiannual Reporting (Proposed Rule) (“This is not a recipe for more IPOs [but rather] . . . a recipe for skeptical investors demanding a higher risk premium to buy newly public shares — which, if anything, makes the IPO market worse.”); Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov’t at 134 (Investor Advisory Committee member James R. Copland, Senior Fellow and Director, Legal Policy at Manhattan Institute commenting: “I think that the laudable goal that the SEC is engaging in here, which is to try to increase the number of public listed companies and have more companies want to IPO and fewer go private is probably not particularly related to quarterly reporting”); John Coates et al., Shadow SEC Statement No. 8: Comment on SEC Proposal to CLS Bluesky Blog (June 1, 2026), <https://clsbluesky.law.columbia.edu/2026/06/01/shadow-sec-statement-no-8-comment-on-sec-proposal-to-allow-companies-to-file-semiannual-reports-on-new-form-10-s-in-lieu-of-quarterly-form-10-q-filings/> (“The notion that offering companies the option to report semiannually will make much difference to company decisions to register with the SEC or remain private is fanciful.”).

³⁷ Recommendation of the Investor Advisory Committee Regarding Quarterly vs. Semiannual Reporting at 7 (footnotes omitted).

³⁸ 91 Fed. Reg. at 24,980 (emphasis added).

CII believes that companies electing semiannual reporting that continue to issue quarterly earnings releases would heighten investor protection concerns. As indicated in response to Question 15, there are at least four critical investor protections that accompany the Form 10-Q financial statements and related footnotes that do not currently accompany quarterly earnings releases: (1) independent auditor review; (2) management certification; (3) “Filed” versus “Furnished”; and (4) data tagging.

Moreover, we note that the recent CFA Institute Survey findings that (1) “[m]ost investors (57%) expect quarterly earnings releases in a semiannual reporting regime to contain less or significantly less information than earnings releases today”³⁹ and (2) “[t]here was very strong disagreement (78%) that the Form 10-Q should be abandoned, even higher disagreement in the Americas (83%).”⁴⁰

Many of our investor protection concerns with the potential replacement of Form 10-Q with quarterly earnings releases are explained in a recent *Forbes.com* article authored by Professor Shivaram Rajgopal, Roy Bernard Kester and T.W. Byrnes Professor of Accounting and Auditing at Columbia University Graduate School of Business:

There is . . . a structural reason why voluntary quarterly earnings releases cannot substitute for mandatory Form 10-Q filings even if companies want to provide them. Mandatory 10-Qs require independent accountant review under PCAOB standards, follow a standardized format under Regulation S-X, carry strict Exchange Act Section 18 liability for material misstatements, and must be filed in machine-readable XBRL format. Voluntary earnings releases on Form 8-K have none of those properties. They are unaudited, selectively formatted, furnished rather than filed (lower liability), and not required to include XBRL data. The value of the mandatory 10-Q to investors is not just the information it contains—it is the standardization, comparability, third-party attestation, and legal accountability that surround it. Voluntary disclosure produces some of the signal but none of the verification infrastructure.⁴¹

³⁹ Sandra Peters, CPA, CFA & Matthew Winters, CPA, CFA, *Investors Perspectives: Quarterly Reporting*, CFA Institute at 95.

⁴⁰ *Id.* at 57.

⁴¹ Shivaram Rajgopal, *Make Markets Opaque Again: The SEC’s IPO Fixation Could Cost Investors Trillions* *Forbes.com* (May 24, 2026), <https://www.forbes.com/sites/shivaramrajgopal/2026/05/24/make-markets-opaque-again-the-secs-ipo-fixation-could-cost-investors-trillions/>; *cf.* Letter from Paul Schott Stevens, President & CEO, Investment Company Institute to Vanessa Countryman, Acting Secretary, Securities and Exchange Commission, Re: Request for Comment on Earnings Releases and Quarterly Reports (File No. S7- 26-18) at 3 (“Thus, unlike with Form 10-Q, the information presented in earnings releases varies from issuer to issuer [and] [t]his approach would diminish the reliability and comparability of quarterly reporting, to the detriment of investors.”).

22. Would the option for semiannual reporting result in an overall reduction in material information for investors? Or would other regulatory requirements, such as Form 8–K filing requirements and Regulation FD, elicit sufficient information to offset the less-frequent interim reports and address any investor protection concerns? Would market forces or demands on a company’s business—such as contractual obligations, investor expectations, and potential for shareholder activism— encourage semiannual filers to: (1) voluntarily disclose more information than required, (2) disclose information more frequently than is required, or (3) opt not to become semiannual filers at all?⁴²

CII believes, consistent with results of the 2026 survey of the CFA Institute referenced in response to Question 18, the option for semiannual reporting would result in an overall reduction in material information for investors that would negatively affect their ability to value companies’ securities. We also continue to believe the Form 8-K filing requirements and Regulation FD, are not a “substitute for the more holistic picture provided by quarterly reports.”⁴³

Our views are generally consistent with the remarks of John A. Gulliver, Assistant Secretary, IAC, Executive Director, Committee on Capital Markets Regulations and Program on International Financial Systems at the June 2026 IAC meeting:

[I]nvestors in companies that elect semiannual reporting will have less information to act on. And less information leads to wors[e] decisions that can reduce investor returns. Longer gaps between mandated disclosures leave investors with fewer opportunities to spot deteriorating performance or emerging opportunities at public companies and therefore [a] weaker basis for valu[ing] . . . securities.⁴⁴

23. With semiannual reporting, would there be an impact on investors or other market participants as a result of less frequent certifications by management relating to internal control over financial reporting and disclosure controls and procedures, as well as less frequent disclosures of changes in such controls?⁴⁵

As indicated in response to Question 15, CII believes the incremental net benefits of the existing required Form 10-Q disclosures to investors and the marketplace include certifications by management.

26. For semiannual filers, what impact would a shift to semiannual reporting have on: (1) companies’ disclosure controls and procedures, (2) companies’ internal control over financial reporting, and (3) independent public accountants’ strategy and approach for the annual audit of companies’ internal control over financial reporting or financial

⁴² 91 Fed. Reg. at 24,980 (emphasis added).

⁴³ Letter from Jeffrey P. Mahoney, General Counsel, CII to Brent J. Fields, Secretary, Securities and Exchange Commission Re: File No. S7-26-18 at 3.

⁴⁴ Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov’t at 127 (remarks of John A. Gulliver, Assistant Secretary, U.S. Securities and Exchange Commission Investor Advisory Committee).

⁴⁵ 91 Fed. Reg. at 24,980 (emphasis added & footnote omitted).

statements? With semiannual reporting, is there a potential for a material increase in the risk that material misstatements (either due to error or fraud) or control deficiencies are not timely detected by or communicated to the independent public accountant thereby limiting potential remediation of these issues by the issuer? Please provide any data related to these questions.⁴⁶

CII believes that with semiannual reporting there is a potential for an increase in the risk that material misstatements (either due to error or fraud) or control deficiencies not being detected in a timely manner or communicated to the independent public accountant. This limits potential remediation of these issues by the issuer. More specifically, we believe semiannual reporting would likely result in less frequent evaluation of the effectiveness of disclosure controls and internal controls over financial reporting. As a result, we believe management and auditors may detect internal control deficiencies on a less timely basis, increasing the risk of material misstatement in interim and annual periods.

Our view is consistent with our response to Question 15 regarding the importance to investors of the independent auditor review of the companies' quarterly financial information. Our view is also consistent with the 2026 CFA Survey results finding that 68% of respondents agreed that Form 10-Q filings are important because they are reviewed by the companies' auditor.⁴⁷

In our response to this question, we generally agree with the comments of Professor Rajgopal:

Each quarterly review is an occasion in which an auditor catches an error, challenges judgment, or detects a going concern problem forming. Cut interim reviews from three to one and these problems do not vanish – they surface later, bunched at year-end, with larger restatement risk. Less frequent independent review is not self-evidently a feature.⁴⁸

More broadly, we generally share the concerns of the Shadow SEC that the Proposed Rule provides insufficient consideration of how permitting semiannual reporting has the potential to materially increase the risk of fraud:

There is little analysis of the possibility of an increase in fraud as a result of companies being able to report less frequently. . . . The [Proposed Rule] . . . does recognize what it terms a likely increase in “information asymmetries” and the risk

⁴⁶ *Id.* (emphasis added).

⁴⁷ See Sandra Peters, CPA, CFA & Matthew Winters, CPA, CFA, Investors Perspectives: Quarterly Reporting, CFA Institute at 71 (“Exhibit 30: Investors Value Review of Form 10-Q by Auditors”).

⁴⁸ Letter from Shivaram Rajgopal, the Roy Bernard Kester and T.W. Byrnes Professor of Accounting and Auditing to Vanessa A. Countryman, Secretary, Securities and Exchange Commission; cf. G. Bradley Bennett & Richard C. Hatfield, Do Approaching Deadlines Influence Auditors' Materiality Assessments and Audit Sampling Decisions?, 36(4) Auditing 29-48 (2017), available at <https://publications.aaahq.org/ajpt/article-abstract/36/4/29/6008/Do-Approaching-Deadlines-Influence-Auditors?redirectedFrom=fulltext> (Discussing how auditors' materiality judgments and procedures flex with deadline pressure).

that agency costs may cause companies to choose to report less frequently than would be in the interest of shareholders. This is quite different than recognizing that there have been major securities frauds in recent years because of obscuring or misstating financial data such as Enron, WorldCom, and most recently FTX. Historically, the SEC had long provided detailed data on disclosure requirements that could be correlated with the presence or absence of such information about material transactions with insiders, disclosure of bonuses, profit-sharing arrangements, the incidence of restatements, or the failure of companies to disclose all material financial information, a key issue in several crypto cases, which the SEC dismissed, about companies that engaged in overseas transactions to avoid full disclosure and United States oversight. . . . Although, Chair Atkins is correct that investor protection is one of the core elements of the SEC mandate, the [Proposed Rule] . . . seriously underemphasizes the extent to which the Securities Act of 1933 and the Securities Exchange Act of 1934 were adopted to deter fraud and to allow enforcement actions to spot what does occur.⁴⁹

32. Would there be an increased risk of insider trading at companies that elect to report on a semiannual basis? If so, please provide the basis for this view, as well as data. Could companies enhance their insider trading policies or improve their self-enforcement of these policies to help address this concern? What other actions could companies or the Commission take to mitigate any increase in the risk of insider trading?⁵⁰

CII believes that there would be an increased risk of insider trading at companies that elect to report on a semiannual basis. The less timely information and greater stock price volatility would, in our view, invite more insider trading, which we believe would undermine confidence in the U.S. markets.⁵¹

⁴⁹ John Coates et al., Shadow SEC Statement No. 8: Comment on SEC Proposal to CLS Bluesky Blog.

⁵⁰ 91 Fed. Reg. at 24,981 (emphasis added).

⁵¹ Letter from Jeffrey P. Mahoney, General Counsel, CII to Brent J. Fields, Secretary, Securities and Exchange Commission, Re: File No. S7-26-18 at 9 (“Less timely information and greater stock price volatility also would invite more insider trading, which CII believes undermines confidence in the market.”).

We observe that our view is generally consistent with the view of many other experts,⁵² the results of the 2026 CFA Survey,⁵³ and the following analysis contained in the IAC Recommendation:

A shift to semiannual reporting would also increase insider-trading concerns because more frequent disclosure reduces insiders' ability to profit from nonpublic information. By extending the interval between mandatory reports, semiannual reporting would widen the gap between inside and public information, increasing the risk that insiders could trade while possessing material information not yet available to the market. The Proposal acknowledges this heightened risk and suggests that it may warrant longer blackout periods, as the value of material non-public information and the potential for misuse would be higher. A shift to semiannual reporting would also weaken corporate accountability. For example, poor quarterly results present corporate management with market discipline that can help them make necessary business changes to improve future returns. Shifting to semiannual disclosures would therefore reduce market discipline.⁵⁴

33. How would the proposed flexible approach to semiannual reporting affect the competitiveness of U.S. reporting companies vis-a-vis foreign competitors? For Exchange Act reporting foreign companies that would not be foreign private issuers (which report semiannually as discussed above) and that would report quarterly under the current system, would the proposed option to report semiannually make these foreign companies more likely to list on a U.S. exchange? What would be the competitive implications of the proposed optional semiannual reporting approach between U.S. reporting companies (which report quarterly under the current system) and foreign private issuers (which report semiannually under the current system as a

⁵² The Editorial Board, *Investors Benefit From More Financial Data, Not Less*, Bloomberg Gov't ("Information gaps create other problems . . . including increasing the opportunity for insider trading."); Shivaram Rajgopal, *The SEC's Semi-Annual Reporting Proposal: A Solution In Search Of A Problem*, Forbes.com ("This is not hypothetical: some capital markets participants see quarterly financial reporting to be necessary for reducing insider trading risk and protecting investors, and higher reporting frequency has been associated with lower information asymmetry."); Salman Arif, Op-Ed., opinion contributor, *I'm an Accounting Professor. Semi-annual Reporting is a Half-baked Idea*, Hill, Sept. 22, 2025, <https://thehill.com/opinion/finance/5514191-trump-semi-annual-reporting/> ("[A] switch to semi-annual reporting [would] shroud[] corporate performance for longer periods of time heighten[ing] executives' information advantage when trading their firm's securities in their personal accounts [and] [i]n particular, the public disclosure of bad news would take much longer, and executives would be able to sell stock far in advance of the revelation of trouble."); *The Benefits of Quarterly Reporting* with Salman Arif, CII Voice of Corp. Governance ("I think it's worth pointing out also that when performance is hidden for longer periods of time by companies, then that will increase the information advantage that executives have when they trade their firm stock or their personal account [a]nd so this creates higher information symmetry between insiders and investors and allows these insiders to earn higher profits from their trade at the expense of ordinary investors.").

⁵³ See Sandra Peters, CPA, CFA & Matthew Winters, CPA, CFA, *Investors Perspectives: Quarterly Reporting*, CFA Institute at 115 ("Exhibit 62: High Concern About Insider Trading with Less Frequent Reporting").

⁵⁴ Recommendation of the Investor Advisory Committee Regarding Quarterly vs. Semiannual Reporting at 10 (footnotes omitted).

practical matter)? Should there be different periodic reporting for foreign private issuers compared to domestic issuers? Why or why not?⁵⁵

CII generally believes that the Commission should not have different periodic reporting for foreign private issuers (FPIs) compared to domestic issuers. As we explained in our September 2025 letter in response to the SEC Solicitation of Public Comment on the Foreign Private Issuer Definition:⁵⁶

[T]he absence of a requirement to file quarterly reports is a critical gap in today's disclosure rules for FPIs. CII believes that investors, companies, and other market participants may benefit from the current reporting frequency model, which requires domestic issuers to file quarterly reports on Form 10-Q. In our view, the requirement to report historical earnings on a quarterly basis is a key element of the timely and accurate information flow that underpins the quality and efficiency of our capital markets. The requirement helps ensure that important information is promptly and transparently provided to the marketplace allowing investors to assess concrete progress against strategic goals. In addition, CII believes that less frequent reporting likely leads to greater share price volatility, and more intense investor focus on short-term share price fluctuations, as investors expend more effort guessing how the company is doing. As such, quarterly financial reports are an important reality check for investors on stock valuation.

Conversely, CII does not believe that requiring quarterly reporting leads public company managers to focus on short-term results to the detriment of long-term performance.¹⁸ The notion that quarterly reporting encourages short-term thinking is outdated and generally not supported by empirical evidence.

In this context, quarterly reporting principles should apply to FPIs as well domestic issuers. The exemption from filing Form 10-Q may compromise the ability of investors to assess how a company is progressing in its performance over time.⁵⁷

48. What would be the benefits to investors from reporting companies' flexibility to file semiannual reports on Form 10-S, instead of quarterly reports on Form 10-Q? Are there certain types of companies or industries for which such benefits would be greater than for others? Would the benefits to investors be limited to the pass-through of cost savings, or would there be other kinds of benefits, such as improved managerial

⁵⁵ 91 Fed. Reg. at 24,981-92 (emphasis added).

⁵⁶ Concept Release on Foreign Private Issuer Eligibility, Securities Act Release No. 11,376, Exchange Act Release No. 103,176, 90 Fed. Reg. 24,232 (June 6, 2025), <https://www.federalregister.gov/documents/2025/06/09/2025-10428/concept-release-on-foreign-private-issuereligibility>.

⁵⁷ Letter from Jeffrey P. Mahoney, General Counsel, CII to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, *Re: SEC Solicitation of Public Comment on the Foreign Private Issuer Definition, File No. S70-2025-01* at 4-5 (footnotes omitted).

incentives or reallocation of company resources to potentially more productive corporate activities?⁵⁸

CII does not believe there would be benefits to investors from reporting companies' flexibility to file semiannual reports on Form 10-S. The Proposed Rule provides no evidence to the contrary with the possible exception of the alleged indirect benefit of mitigating managerial focus on short-term financial metrics at the expense of long-term value creation.⁵⁹ We strongly disagree such a benefit exists,⁶⁰ even the Proposed Rule admits that the "academic literature is mixed"⁶¹ on this benefit. Moreover, we note that Commissioner Peirce downplayed the significance of this alleged indirect benefit at the June 2026 IAC meeting observing that the Proposed Rule "really only briefly raised that point and declined to put much weight on it."⁶²

More broadly, we generally agree with the Shadow SEC that "the SEC [did not] candidly acknowledge that estimated costs and benefits of its rule change are so uncertain that the net benefits of the proposal cannot in fact be reasonably quantified."⁶³

49. What would be the costs to investors from providing reporting companies with flexibility to file semiannual reports on Form 10-S, instead of quarterly reports on Form 10-Q? Would the option for semiannual reporting increase information asymmetries in ways that impair investors' abilities to make investment and voting decisions? To the extent there are such costs or information is reduced, would other regulatory requirements (beyond those requiring interim reports) or market forces mitigate such factors?⁶⁴

⁵⁸ 91 Fed. Reg. at 25,011 (emphasis added).

⁵⁹ *Id.* at 25,000 ("To the extent that quarterly reporting contributes to managerial focus on short-term financial metrics at the expense of long-term value creation, reduced reporting frequency could mitigate this behavior and associated resource misallocation.").

⁶⁰ *See, e.g.*, Letter from Jeffrey P. Mahoney, General Counsel, CII to Brent J. Fields, Secretary, Securities and Exchange Commission, Re: File No. S7-26-18 at 2 ("We do not believe that requiring quarterly reporting leads public company managers to focus on short-term results to the detriment of long-term performance [and] [t]he notion that quarterly reporting encourages short-term thinking is in our view outdated and generally not supported by empirical evidence.").

⁶¹ 91 Fed. Reg. at 25,000.

⁶² Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov't at 9 (remarks of Hester M. Peirce, Commissioner, U.S. Securities and Exchange Commission).

⁶³ John Coates et al., Shadow SEC Statement No. 8: Comment on SEC Proposal to CLS Bluesky Blog.

⁶⁴ 91 Fed. Reg. at 25,011 (emphasis added).

CII believes that the costs to investors from providing reporting companies with the flexibility to file semiannual reports on Form 10-S, instead of quarterly reports on Form 10-Q, would be substantial and would impair investors' ability to make investment and voting decisions. Those costs would include the following:

- Fewer opportunities per year to reallocate positions based on standardized updates on company performance and outlook, including financial statements.⁶⁵
- Investment in poorer performing companies or companies with diminished outlooks for longer than they would today.⁶⁶
- Longer waits to reallocate their capital to better-performing companies or companies with a more promising outlook.⁶⁷
- Overreactions to alternative sources of information for non-reporting periods leading to over or under valuation of public companies.⁶⁸
- Less information for cross-firm comparability, making it harder to assess relative performance and industry conditions.⁶⁹
- More delays in the disclosure of bad news which would adversely affect the price discovery function of capital markets.⁷⁰
- Give company insiders who have a longer period of time to act on information that the public does not have.⁷¹
- Ownership in more companies with weak corporate governance.⁷²

⁶⁵ See, e.g., Recommendation of the Investor Advisory Committee Regarding Quarterly vs. Semiannual Reporting at 8 (“By eliminating a quarterly reporting mandate, investors would have fewer opportunities per year to reallocate positions based on standardized updates on company performance and outlook, including financial statements.”).

⁶⁶ *Id.* (“In practice, eliminating a quarterly reporting mandate will likely mean that investors remain invested in poorer performing companies or companies with diminished outlooks for longer than they would today.”)

⁶⁷ *Id.* (“Investors would have to wait longer to reallocate their capital to better-performing companies or companies with a more promising outlook.”).

⁶⁸ *Id.* at 10. (“when firms report only semiannually, investors rely on information provided by peer-firms, often overreacting to those signals and leading to over or under valuation of public companies [and including a footnote citation to] . . . Salman Arif & Emmanuel T. De George, The Dark Side of Low Financial Reporting Frequency: Investors’ Reliance on Alternative Sources of Earnings News and Excessive Information Spillovers”).

⁶⁹ *Id.* at 9 (“less frequent reporting reduces cross-firm comparability, making it harder for investors to assess relative performance and industry conditions [and including a footnote citation to] . . . Jesper Haga et al., Peer Firms’ Reporting Frequency and Stock Price Synchronicity: European Evidence, 49 JOURNAL OF INTERNATIONAL ACCOUNTING, AUDITING AND TAXATION 100505 (2022)”).

⁷⁰ See, e.g., Sandra Peters, CPA, CFA & Matthew Winters, CPA, CFA, Investors Perspectives: Quarterly Reporting, CFA Institute at 111 (“nearly 75% of respondents are concerned or very concerned about delays in the disclosure of bad news, which will adversely affect the price discovery function of capital markets”).

⁷¹ *Id.* at 115 (“Among the most significant concerns with respect to moving to semiannual reporting . . . is that lengthening the reporting period provides insiders with a longer period of time to act on information that the public does not have.”).

⁷² See Keren Bar-Hava, Switching to Semi-annual Financial Statement Reports - Market Reaction, Audit Fee and Corporate Governance Quality 249 (July 12, 2024), [Switching to Semi-annual Financial Statement Reports -Market Reaction, Audit Fee and Corporate Governance Quality by Keren Bar-Hava :: SSRN](#) (“The additional finding of

50. What compliance cost savings would be realized by companies that would elect the proposed semiannual reporting option? Please provide any data regarding the cost of preparing quarterly reports, including employee and director time, legal counsel fees, external accounting advice or independent public accountant review fees, costs for XBRL data tagging, and other costs associated with filing Form 10-Q. To what extent would the option to file one semiannual report, rather than two quarterly reports for the same period, result in lower costs, such as independent public accountant review fees? Would semiannual filers' audit fees paid—in connection with an annual audit of their financial statements or management's assessment of the effectiveness of internal control over financial reporting—be materially different in any way compared to the fees that would have been paid if the same company were a quarterly filer?⁷³

CII believes it is uncertain as to what compliance cost savings would be realized by companies that elect the proposed semiannual reporting option. The Commission should obtain and analyze more data relevant to this issue before considering whether to issue a final rule. We note the recent comments of Jonathan Weil of the *Wall Street Journal*:

It won't save much . . . The SEC estimated 20% of companies would switch to semi-annual reporting and save \$236 million a year combined on net compliance costs, plus about \$97 million a year on paperwork. Those amounts are minuscule.

The S&P 500's combined market cap exceeds \$66 trillion. The Russell 2000, a benchmark for small cap stocks, has underperformed the S&P 500 for years. Less data means less liquidity and likely further underperformance.⁷⁴

Similarly, in his remarks at the June 2026 IAC meeting, John A. Gulliver, Assistant Secretary, IAC, observed:

Even without this quarterly disclosure requirement, public companies would still need to continuously monitor and track their financials to achieve operational goals.^[75] The reduced cost would be in the time spent publicly reporting these results, which the commission itself estimates at roughly \$200,000 per company each fiscal year. It's not clear that this would be enough to move the needle for public companies in terms of compliance cost or to encourage substantially more private companies to go public.⁷⁶

lower corporate governance quality and decreased external audit effort which characterized the firms that adopt the relief represent an increased risk for information asymmetry for investors in such firms thus further reinforces the importance of frequent financial reporting.”).

⁷³ 91 Fed. Reg. at 25,011 (emphasis added).

⁷⁴ Jonathan Weil, No More Quarterly Reports? What the SEC is Proposing Instead, Wall St. J.

⁷⁵ See, e.g., The Editorial Board, Investors Benefit From More Financial Data, Not Less, Bloomberg Gov't (May 13, 2026) (on file with CII) (“Most of the cost of producing quarterly filings involves functions such as internal audits and investor communications that needed no matter how often the reports are published.”).

⁷⁶ Transcript of U.S. Securities and Exchange Commission Investor Advisory Committee Meeting, Bloomberg Gov't at 126-27 (remarks of John A. Gulliver, Assistant Secretary, U.S. Securities and Exchange Commission Investor Advisory Committee).

53. What general economic consequences would result from companies electing to report semiannually under the proposed flexible approach? Would semiannual filers reallocate any resources freed up from a potentially lower reporting burden to alternative uses, such as capital expenditure or other business needs?⁷⁷

CII believes, that consistent with our response to Question 50, it is uncertain as to whether semiannual filers will have a lower reporting burden under the Proposed Rule. We again, respectfully request the Commission obtain and analyze more data relevant to this issue before considering whether to issue a final rule.

On this point we generally agree with the IAC Recommendation:

The cost-reduction premise underlying the Proposal is also poorly substantiated by the empirical record. Although shifting from a quarterly disclosure mandate to a semiannual mandate would reduce the direct public disclosure filing costs for public companies, the Proposal itself estimates that the approximate net reduction in direct compliance costs would be only \$198,000 per fiscal year for each issuer that switches to semiannual reporting. Public companies would still need to maintain accurate financial information as part of their ordinary operations, including for purposes of day-to-day business management. As a result, the costs associated with maintaining complete, accurate and reliable financial information would remain even without a quarterly disclosure mandate.⁷⁸

We note the conclusion contained in the IAC Recommendation is generally consistent with a key takeaway from the April 2026 *Fordham Responsible Business Center/Metrix Advisory Roundtable* which brought together prominent investors, regulators, board members, and legal experts:

For companies that have . . . quarterly disclosure processes—controls, calendars, review cycles, external auditor coordination—dismantling that infrastructure is neither simple nor obviously beneficial. The burden may shift from mandated reporting to market-driven reporting, *but it does not disappear*. And market-driven reporting tends to be less standardized, which creates its own problems for comparability.⁷⁹

⁷⁷ 91 Fed. Reg. at 25,011 (emphasis added).

⁷⁸ Recommendation of the Investor Advisory Committee Regarding Quarterly vs. Semiannual Reporting at 7.

⁷⁹ Fordham Responsible Business Center, Responsible Reporting Roundtable, Disclosure Effectiveness: Fit for Use or Fit for Filing? (Apr. 2026),

https://drive.google.com/file/d/1nPXIBcCA0tMSOiw9zCA8Z0LRmFtcB_4/view?pli=1.

55. For semiannual filers who would not voluntarily release earnings quarterly, would stock price movements around the release of semiannual financial information be more volatile compared to movements around quarterly releases? If so, what are the reasons this would occur? If so, how would this affect investors, companies, and markets?

CII believes that stock price movements around the release of semiannual financial information would be more volatile compared to movements around quarterly releases as investors expend more effort guessing how the company is doing. Our view is supported by empirical research.⁸⁰ That research is briefly referenced in a single footnote to the Proposed Rule.⁸¹ The co-author of that research, Salman Arif, Associate Professor, Curtis L Carlson Professorship Accounting at the University of Minnesota, discussed the study's findings and their implications for investors in a CII Voice of Corporate Governance podcast:

There are many firms outside the US that report semi-annually, and so it's possible to actually study the effects of semi-annual reporting on those firms. A recent study by myself and Emmanuel DeGeorge, who's an Assistant Professor of Accounting at London Business School, uses actual data on semi-annual firms around the world to look at how investors in those firms behave under semi-annual reporting. What our findings indicate is that because semi-annual reporting causes investors to operate in an information vacuum for longer periods of time, they end up overreacting to other types of news that they believe is value relevant.

Essentially, semi-annual firms have missing quarters because they don't report a Q1 and a Q3 report. A first quarter and a third quarter report is actually missing for those firms. What we find is that investors overreact to other alternative news sources for those periods. For example, let's say there's negative industry news or some negative macro news that investors hear about for those missing quarters that are not reported by the company itself. Well, they're going to have to wait a long time until the firm actually reports its financial statement. Investors essentially, they shoot first and ask questions later. In other words, what I mean is that the stock prices of these semi-annual firms, they go down too much because investors sort of don't know what the impact of this news is going to be on the actual firm and they just prefer to sell the stock immediately than wait many months to figure out what the impact was.

Now it turns out that when the semi-annual firm actually eventually reports earning many months later, then stock prices rebound. But the point is that all of this makes these stocks much more risky, it creates excessive swings in asset prices and it

⁸⁰ See Salman Arif & Emmanuel T. De George, The Dark Side of Low Financial Reporting Frequency: Investors' Reliance on Alternative Sources of Earnings News and Excessive Information Spillovers, 95(6) *Acct. Rev.* 23-49 (2020) available at <https://publications.aaahq.org/accounting-review/article-abstract/95/6/23/4226/The-Dark-Side-of-Low-Financial-Reporting-Frequency>.

⁸¹ See 91 Fed. Reg. at 24,998 n.250 (quoting a single phrase from the Salman Arif & Emmanuel T. De George research: “investors are unable to successfully offset the information loss arising from low reporting frequency, thus impairing their ability to value firms and adversely affecting the quality of financial markets”).

harms the efficiency of financial markets. So relatedly, other academic research suggests that under semi-annual reporting, investors will require compensation to invest in stocks that report semi-annually because of the increased risk and volatility of these stocks. Basically it's more risky for investors to hold stocks for which they can't assess the actual performance for long periods of time. So what this means is that the cost of capital for semi-annual firms is higher and the liquidity of these stocks is lower. And so this creates higher interest rates and lower stock prices for these firms and damages their ability to raise financing and grow.⁸²

We believe this and other empirical evidence relevant to the Proposed Rule should be more thoroughly analyzed by the Commission before considering whether to issue a final rule.

56. If the proposal were to reduce securities analyst coverage of Exchange Act reporting companies that elect the semiannual reporting option, what effect would this have on investors and companies? How would such a reduction in analyst coverage affect stock market price efficiency? How would such a reduction affect liquidity of semiannual filers' securities?⁸³

CII believes that reduced coverage by securities analysts of Exchange Act reporting companies that elect the semiannual reporting would harm investors. Our view is generally consistent with the conclusion of Professor Rajgopal, who studied the impact on securities analysts' coverage of these companies when the UK mandated quarterly reporting in 2007, then eliminated the requirement in 2014:

The UK experiment gave us the evidence we needed. A shift from semiannual to quarterly reporting does have a significant impact on the relationships between UK public companies and security analysts. That relationship — analysts doing the work of translating company performance into market prices — is part of what makes the U.S. equity market the most liquid, efficient, and investor-friendly in the world. The SEC's proposal risks degrading it, for speculative benefits that a decade of real-world evidence from the UK has failed to materialize.⁸⁴

58. Would a company's valuation or cost of capital differ based on whether the company is a quarterly filer or a semiannual filer? Please explain the reasons why there would be a difference and provide any specific data. Would less frequent interim reporting negatively affect the ability of investors or other market participants to value the company's securities? If cost of capital would increase for semiannual filers, would this result from an increase in the cost of equity or cost of debt (or both)? How?⁸⁵

As indicated in response to Question 22, CII believes that less frequent interim reporting would negatively affect the ability of investors to value the company's securities.

⁸² The Benefits of Quarterly Reporting with Salman Arif, CII Voice of Corp. Governance.

⁸³ 91 Fed. Reg. at 25,011 (emphasis added).

⁸⁴ Shivaram Rajgopal, The SEC's Semi-Annual Reporting Proposal: A Solution in Search of a Problem, Forbes.com.

⁸⁵ 91 Fed. Reg. at 25,011 (emphasis added).

We appreciate the opportunity to provide CII's investor-focused perspective on the Proposed Rule. Please contact me (Jeff@cii.org) if you have any questions about the content of this letter.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Mahoney". The signature is written in black ink and is positioned above the typed name.

Jeffrey Mahoney
General Counsel