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July 6, 2026

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

Re: Semiannual Reporting — File No. S7-2026-15 (Release Nos. 33-11414; 34-105368; 39-2563; IC-36140)

Dear Ms. Countryman:

I. Introduction and summary

I write in my individual academic capacity to comment on the Commission's proposal to permit eligible reporting companies to file a semiannual report on a new Form 10-S in lieu of three quarterly reports on Form 10-Q. I have spent much of my career studying corporate disclosure, capital-market efficiency, and the relationship between reporting practice and long-term value creation. I served as founding chairman of the Sustainability Accounting Standards Board and co-founded the International Integrated Reporting Council, and I previously taught at Harvard Business School. I have no financial interest in the outcome of this rulemaking. My interest is in whether the proposal would improve the quality of the information on which capital markets depend. I have concluded that, as drafted, it would not.

My position is qualified but firm. The Commission should not adopt broad, all-issuer optional semiannual reporting. The proposal rests on two diagnoses — that quarterly reporting causes managerial short-termism, and that it is a meaningful barrier to going and staying public — that the empirical record does not support. It reaches for an instrument (halving the frequency of the interim financial backbone) that is poorly matched to either goal. And its economic analysis suffers from a foundational asymmetry: it counts the issuer's compliance savings in concrete dollars while leaving the costs imposed on the market's downstream users either unquantified or unacknowledged. That is not a peripheral gap; it is the defect that undermines the proposal's entire cost-benefit case.

The burden concern is nonetheless real. Form 10-Q as currently constituted is dense, repetitive, and heavier than investor decision-usefulness requires, and that burden falls hardest on small issuers. But the remedy for an over-built form is to rebuild the form, not to halve the frequency of financial reporting. If the Commission wishes to reduce burden, it should streamline the *content* of Form 10-Q — the intensive margin — rather than cut its *cadence* — the extensive margin. Fix what the form contains; do not cut how often it arrives.

If the Commission nonetheless proceeds with a semiannual option, it should do so in a form far narrower and better-guarded than the proposal. I urge it to (i) keep the option optional and not convert it into a mandate; (ii) narrow eligibility, at least initially, to the classes of issuer for which the cost-benefit case is genuinely favorable; (iii) close what I call below the "orphan-quarter" gap; (iv) require advance notice of any frequency election; (v) preserve comparability through targeted disaggregation while retaining XBRL tagging and auditor review; and (vi) be candid, in any adopting release, that this is a cost-and-flexibility measure and not a cure for short-termism or a revitalizer of the IPO market. I develop each point below and then respond to a number of the Commission's specific requests for comment.

A disclosure in the interest of candor: some of the most directly relevant empirical work I rely on below is by Professor Shivaram Rajgopal, with whom I have collaborated on unrelated projects. I rely on it here because it is among the most rigorous and widely cited work in this debate, not because of that association. And a further disclosure, in the same spirit: this letter was prepared through a structured collaboration with artificial-intelligence systems, which I directed and edited. I framed the questions and analytical priorities, developed and compared competing drafts, and made the final judgments; the systems conducted research, drafted and organized prose, and stress-tested the argument. The views expressed are entirely my own — I have reviewed the letter in full and adopt its analysis and conclusions as my considered position, for which I alone am responsible. Because the reliability of AI-assisted work turns on verification, every empirical and legal authority cited below was checked against its primary source — the underlying academic studies, statutes, rules, and the proposing release itself — and cross-checked across independent systems where possible; any figure or authority that could not be so verified was revised or removed. I include this disclosure because a rulemaking concerned with the quality and integrity of public-company disclosure is a fitting occasion to be transparent about method, and because in my view the responsible use of these tools in preparing regulatory comment should be disclosed rather than concealed.

II. The proposal misdiagnoses short-termism

The animating premise of the release is that mandatory quarterly reporting induces a short-term orientation that leads managers to underinvest in research and development, capital expenditure, and strategic transactions. Short-termism is a genuine pathology of modern capital markets, and I have spent years saying so. But the proposition that reporting frequency itself is the cause — such that lengthening the interval would relieve it — is not what the evidence shows.

The strongest evidence for a frequency-induced myopia effect comes from Kraft, Vashishtha, and Venkatachalam (2018)[1], who study U.S. firms' transitions from annual to semiannual to quarterly reporting between 1950 and 1970 and find that increased frequency was associated with an economically meaningful decline in investment. That finding deserves respect, but it is drawn from a market two generations removed from today's — before Regulation FD, before the modern Form 8-K regime, before Inline XBRL, and before the institutionalization of equity ownership and the analyst infrastructure that now surrounds public companies. Evidence from settings closer to the present cuts the other way. Studying the natural experiment created when the United Kingdom mandated quarterly reporting in 2007 and dropped the mandate in 2014, Nallareddy, Pozen, and Rajgopal find no statistically significant effect of reporting frequency on investment in either direction: firms compelled to begin quarterly reporting did not measurably cut capital expenditure or R&D, and firms freed to stop did not measurably increase them.[2] Fujitani (2020) finds that mandatory quarterly reporting in Japan was associated with higher, not lower, investment[3]; and Kajüter, Klassmann, and Nienhaus (2019), using a regression-discontinuity design around Singapore's size threshold, find no evidence of myopic investment attributable to quarterly reporting.[4]

The reason the frequency lever does not move the investment outcome is that frequency is not the source of the pressure. That pressure comes from the surrounding incentive architecture: analyst consensus estimates, voluntary quarterly earnings guidance, compensation tied to near-term earnings per share, and an institutional-investor culture oriented to near-term results. The periodic report is the scoreboard; it is not the game. Removing the scoreboard every other quarter does not change how the game is played. A management team willing to defer a valuable research program to hit a quarterly number will defer it just as readily to hit a semiannual number; the proposal does not cure myopia so much as give it a longer runway. Because the option is moreover elective, it does not even remove the scoreboard for most issuers: the large, widely-held companies whose behavior most animates the short-termism debate will, on the Commission's own working assumption, keep reporting quarterly because their investors expect it. The rule therefore cannot deliver a broad long-termism benefit even on its own theory.

None of this is a reason to reject a cost-driven reform. It is a reason to sever the reform from the short-termism justification. If the Commission adopts a semiannual option, it should defend it candidly as a measure to reduce compliance cost and increase flexibility — defensible goals on their own terms — and should not represent it to the public as a remedy for managerial myopia the evidence does not support. Overclaiming corrodes the credibility of an otherwise reasonable reform.

III. The proposal misdiagnoses the decline in public listings

The release situates the proposal within a broader effort to encourage companies to go and stay public. I share that objective. But the theory that the marginal cost of two additional interim reports is a meaningful determinant of the go-public decision does not withstand scrutiny, and the information economics of the IPO run the opposite way from the proposal's logic. The decline in U.S. public companies over the past quarter century has well-studied structural causes: an abundance of private capital that lets firms stay private far longer, the low-interest-rate environment that fueled it, litigation and liability exposure, the roughly seven percent underwriting cost of going public[5], and a long secular decline in sell-side research coverage of small companies. The incremental cost of a first- and third-quarter Form 10-Q is trivial beside these forces and beside the fixed costs of being public.

More fundamentally, an initial public offering is the moment of maximum information asymmetry between insiders and the market. Regular interim financial reporting is one of the few mechanisms that continues to close that gap after the offering, testing management's representations against actual results period by period. Moving a newly public company to semiannual reporting does not reduce that asymmetry; it widens it. An investor who buys at an IPO in January would, under the proposal, wait until August for any systematic financial accounting of whether the offering narrative matched reality. The rational response to a wider asymmetry is to demand a higher risk premium — which raises the cost of capital for newly public issuers and makes offerings less attractive, not more. For the stated goal, the instrument is not merely ineffective; at the margin it is counterproductive.

IV. "Optional" does not neutralize the harm; it concentrates it

The most consequential feature of this proposal is the one least illuminated by the studies most often cited in the debate. Almost all of that evidence — the U.K., E.U., Singapore, and Japan natural experiments — identifies the effect of a mandatory, market-wide change in frequency. When an entire market moves together, no single firm's frequency conveys information about that firm, and average effects are muted. The Commission is proposing something different in kind: a voluntary, firm-by-firm election embedded in a market whose prevailing norm remains quarterly. In that setting the act of switching is itself a signal, and the natural-experiment literature is not designed to capture what the signal does.

The economics are familiar. When disclosure is discretionary and the norm is fuller disclosure, the firms with the greatest incentive to disclose less are disproportionately those with less favorable information, more volatile results, weaker internal controls, or news to manage. Sophisticated investors understand this and price it. Two consequences follow. First, a firm that elects semiannual reporting while its peers remain quarterly should expect a higher cost of capital, wider bid-ask spreads, and reduced analyst coverage — outcomes that fall hardest on the small and thinly-followed issuers the release identifies as its intended beneficiaries. The population that self-selects into semiannual reporting is thus disproportionately the population for which the information degradation is most damaging. Second, the signaling cost is unstable over time. In the United Kingdom, fewer than ten percent of firms stopped quarterly reporting in the first year after the 2014 mandate lapsed — strong evidence that, given a free choice, companies believed their investors valued quarterly information. But over the following decade the norm eroded and most U.K. issuers migrated to semiannual, tracking a period in which the London market struggled to attract and retain listings. As more firms switch, the penalty for switching falls, which induces further switching — a ratchet that degrades the information environment gradually and is difficult to reverse.[6]

This is the collective-action problem that a disclosure mandate exists to internalize. Pricing a harm is not the same as preventing it; it distributes the harm, and it distributes it onto the least sophisticated participants. Large asset managers and hedge funds that have built alternative-data programs — satellite imagery, credit-card panels, customs records — can partially reconstruct a semiannual filer's interim performance at a cost that retail and smaller institutional investors cannot match. A reform marketed as reducing issuer burden would, in effect, tilt the playing field toward the investors who need the help least. The comparability of a standardized, reviewed, GAAP-complete, XBRL-tagged quarterly report is a public good with positive externalities for price discovery, index construction, market surveillance, and fraud deterrence — externalities that a firm-and-management bargain will not fully internalize, particularly where the parties electing the frequency are not the parties who bear the resulting information cost.

V. The financial system runs on the quarterly number: downstream users the release omits

The proposing release treats the 10-Q as though its only consumer were the equity analyst. In fact the quarterly financial statement is load-bearing infrastructure for a range of users the economic analysis does not count. Each belongs on the record.

Risk-pricing infrastructure. Credit rating agencies monitor leverage, coverage, and liquidity on a rolling basis using quarterly fundamentals; move the public numbers to a six-month cycle and, for half of every year, a rating becomes a verdict on stale information, producing downgrades that cluster and arrive as surprises rather than the gradual re-pricings an orderly market depends on. Because the Regulation FD carve-out for disclosures to rating agencies was removed by Section 939B of the Dodd-Frank Act[8], issuers that wish to keep agencies current between public reports may be pushed into private confidentiality channels — moving fresh fundamentals out of the public information set. Derivatives markets are similarly affected: earnings dates shape volatility surfaces, and counterparty- and credit-risk models lean on current balance-sheet and cash-flow inputs that grow stale over a six-month gap, concentrating volatility at the two remaining announcement dates. And for systematic strategies the disruption is structural: every factor signal that defines quantitative equity investing — earnings surprise, the accrual anomaly, profitability, changes in leverage — is constructed from and refreshed by quarterly filings, so cutting the cadence to semiannual leaves the historical record against which back-tests are calibrated describing an environment the rule has abolished.

Market quality and liquidity. Market makers' bid-ask spreads are, in substantial part, compensation for the risk of trading against better-informed counterparties — the adverse-selection logic of Glosten and Milgrom (1985)[7]. The longer the public-information gap, the wider that spread must be. A mega-cap with forty analysts and a wall of alternative data can survive a six-month public silence; a small or newly public company, which often discloses little beyond what the 10-Q forces out, cannot. Making the filing optional concentrates the harm precisely where public monitoring is most consequential and least replaceable.

Debt covenants. The overwhelming majority of credit agreements require quarterly financial statements and a covenant-compliance certificate every quarter. A leveraged public company that elects semiannual SEC reporting does not get to stop producing quarterly numbers — its lenders still demand them. A large share of the advertised savings is therefore illusory: the accounting work still happens, but public equity investors lose the window into it that private creditors retain. A reform sold as reducing information asymmetry would, for every leveraged issuer, widen the gap between what private creditors know and what public shareholders can observe.

Index providers and passive capital. The S&P 500's financial-viability screen depends on quarterly data: a company generally must have positive GAAP net income from continuing operations for its most recent quarter and for the sum of its most recent four consecutive quarters. With roughly $20 trillion indexed or benchmarked to the S&P 500 alone, the release does not meaningfully address how such quarterly-dependent index infrastructure would operate if quarterly GAAP figures become optional.[9]

Business development companies. The release counts 133 BDCs currently filing on Form 10-Q and leaves open that they could elect Form 10-S. What a BDC reports quarterly is not operating earnings but the fair value of an illiquid private-credit and private-equity portfolio marked under judgmental Level 3 inputs. The quarterly mark is the discipline that keeps managers from sitting on unrealized losses; stretch the cycle to six months and a manager reluctant to recognize a write-down gets twice the runway to defer it. The words "fair value" appear once in the release's 279 pages; "Level 3" not at all.[10]

Audit quality, and forensic detection. Each quarterly review is an occasion on which an auditor catches an error, challenges a judgment, or detects a going-concern problem forming; cut interim reviews from three to one and those problems do not vanish but surface later, bunched at year-end, with larger restatement risk. Quarterly filings are also where deterioration, aggressive accounting, and outright fraud are frequently first detected by short sellers and forensic analysts. Reducing the mandatory filing occasions extends the window in which problems can compound before outside observers can test management's narrative against standardized financial statements.

VI. Form 8-K and Regulation FD are not substitutes for the periodic report

The release argues that the modern Form 8-K regime and Regulation FD have so improved interim disclosure since 1970 that a return to a semiannual financial cadence would not materially harm investors. Those frameworks are indeed far more robust than they were when Form 9-K was retired, and they carry real weight. But they are not substitutes for the periodic financial report. A current report tells investors that something material has occurred — a customer lost, an executive departed, a covenant breached, a cybersecurity incident sustained. What it does not, and by design cannot, provide is the financial translation of that event: the effect on revenue, margin, cash flow, asset values, and liquidity. That translation is exactly what the interim financial statements supply. Nor do the voluntary earnings releases furnished under Item 2.02 of Form 8-K close the gap: they are not reviewed by an independent accountant, need not comply with the interim financial-statement requirements, are not prepared in accordance with GAAP in the manner of the statements, and are not XBRL-tagged.[11] Two protection concerns follow directly: longer intervals between verified disclosures lengthen the period over which insiders may possess material non-public information before the market does; and less frequent independent review means a longer lag before misstatement or fraud is detected and remediated.

VII. Technology, and the rest of financial regulation, are moving the other way

This is the point I would most like the Commission to sit with, because it reframes the cost-benefit calculus and is largely absent from the release. The burden rationale assumes the cost of producing interim reports is high and static. It is neither. Automation and, increasingly, AI are reducing the marginal cost of preparing structured financial disclosure — close processes, drafting, tagging, internal review — and that cost will keep falling for reasons that have nothing to do with how often a company files. At the same time, the marginal value of frequent, granular, machine-readable interim data is rising. Investors increasingly consume disclosure through analytical systems — my own current research maps the financial-statement consequences of disclosures at scale — and those systems run on frequent, comparable, structured data.

Quarterly filings are the highest-quality, most comparable, closest-to-verified dataset in the market. Halving their frequency halves the temporal resolution of that dataset at exactly the moment technology is making it more valuable, not less. Cutting frequency spends down a rising asset to relieve a falling cost. That is backwards.

The direction of the rest of financial regulation confirms the point. Nonbank swap dealers file unaudited financial reports monthly under CFTC Regulation 23.105(d), as implemented by NFA Financial Requirements Section 18, with an audited annual report on top[12]; broker-dealers file monthly or quarterly FOCUS reports under Exchange Act Rule 17a-5[13]; and asset-based and leveraged credit facilities routinely require monthly covenant certificates. Wherever counterparty and systemic risk genuinely bite, the institutions responsible for managing it have already concluded that quarterly is not frequent enough — they want monthly. The serious policy frontier in disclosure is timelier, more structured, machine-readable data and potentially continuous assurance — not cutting the equity market's fundamental-data feed in half.

VIII. The proportionality and cost-benefit case is thin on its own terms

Even setting the market costs aside, the quantified benefit is small, unevenly distributed, and uncertain. The Nasdaq survey cited in the release puts the average respondent's quarterly compliance cost at $334,698 — but with a median of only $75,000, which means the average is pulled upward by a minority of high-cost filers and the typical issuer's burden is far smaller than the headline figure suggests.[14] The Commission's own accounting then shows how much of even that saving the proposal gives back. The gross saving from dropping three quarterly reports is estimated at roughly $330,000 per issuer per year; the new Form 10-S and the associated Regulation S-X changes add back an estimated $132,000, leaving a net reduction in direct compliance costs of about $198,000 per year — the release's own figure. In the aggregate, and only on the assumption that a fifth of eligible issuers (1,195 of 5,976) elect the option, the gross benefit reaches roughly $394 million per year against some $158 million in added costs. Two observations follow. First, the release's own math concedes that the new form consumes more than a third of the advertised gross saving, so the relief actually on offer is materially smaller than the headline. Second, that aggregate rests on an uptake assumption the Commission's own analysis undercuts, since it expects many issuers not to switch and expects switchers to keep releasing quarterly results anyway. For an issuer of any size, $198,000 a year is a rounding error against total audit and public-company costs, and against the value of being public at all. That value — the private-company illiquidity discount avoided, plus the benchmark-inclusion subsidy documented in the academic literature — runs, for a large issuer, into the tens or hundreds of billions. A worked illustration I published separately put a large integrated issuer's all-in 10-K compliance cost at a five-figure fraction of a percent of revenue against a franchise worth orders of magnitude more; the calibration is illustrative rather than structural, and blends recurring with one-time effects, but the policy question survives the quarrel: the market should not accept a degradation of the public-information commons to produce issuer savings that are immaterial relative to what being public is worth. When the measurable benefit is small and the acknowledged cost falls on price discovery, investor protection, and market quality, the burden of proof sits with the change — and it has not been met.

IX. A better path, and the guardrails a semiannual option would require

Rejecting this proposal does not require defending Form 10-Q in its current form. The more defensible reform operates on the content of the interim report rather than its cadence. The Commission should streamline Form 10-Q: remove boilerplate and duplicative disclosure, focus the required content on what is decision-relevant and material, permit more sector-specific guidance about materiality so that a pre-revenue biotechnology company and a diversified industrial are not answering the same undifferentiated checklist, and modernize the structured, machine-readable data so that both preparers and users capture the falling-cost, rising-value dividend technology is already offering. This attacks the actual burden — which is a function of how much the form asks, not how often it is filed — while preserving the cadence the market relies upon and that thinly-followed small companies can least afford to lose.

If the Commission is nonetheless determined to offer a semiannual option, it should do so in a form far narrower and better-guarded than the proposal. First, scope: limit the option to the issuers for whom the burden case is strongest and the investor-information cost lowest — smaller reporting companies, emerging growth companies, or genuinely pre-revenue development-stage issuers whose value is driven by discrete milestones captured in current reports — and not to large, widely-held issuers, for whom the burden is immaterial and the comparability cost to the market greatest. Second, a pilot: because the Commission cannot presently substantiate the effects of a voluntary regime, proceed by pilot with pre-committed data collection and a fixed evaluation window, so the next Commission can measure outcomes rather than assume them. Third, close the orphan-quarter gap: any first- or third-quarter earnings information issued by a semiannual filer should be reviewed by the issuer's independent accountant, prepared consistently with GAAP, and filed rather than merely furnished, so that Section 18 liability attaches. A company that wants the cost savings of reporting semiannually should not be permitted to retain the market-moving quarterly number while shedding the review, completeness, and liability that make that number trustworthy; the alternative — a market awash in unreviewed, non-GAAP quarterly releases while the one reviewed document disappears — is the worst available outcome for investors. Fourth, notice and comparability: require the election to be announced on a Form 8-K at least one full quarter before it takes effect, require semiannual filers to break out the two constituent three-month periods within Form 10-S, and require both semiannual and quarterly filers to present the otherwise-subsumed stub period (the second half and the fourth quarter, respectively) in Form 10-K — retaining XBRL tagging and auditor review of the semiannual statements without exception. Finally, the economic analysis should be revised to refrain from asserting IPO-revitalization and long-termism benefits the record does not support, and to commit the agency to ex post measurement of the option's actual effects on cost of capital, analyst coverage, and liquidity.

X. Responses to selected requests for comment

Request 1 (should the option exist). No, not in the broad, all-issuer form proposed. The direct cost of quarterly reporting — an average of roughly $335,000 per quarter per issuer, and a median of $75,000 — is meaningful in accounting-department terms but immaterial relative to the multi-billion-dollar listing and franchise value that deep public liquidity confers. All companies that file Form 10-Q today should continue to do so, subject to the content-streamlining described in Part IX; to the extent an option is offered, it should be narrowly scoped.

Request 2 (mandatory semiannual, with a quarterly option). The Commission should not mandate semiannual reporting. But a uniform rule, whatever its cadence, at least avoids the adverse-selection, signaling, and comparability costs that the proposed optional bifurcation creates. The proposed design — optionality layered onto a quarterly norm — combines the disclosure risks of less frequent reporting with signaling costs a clean, uniform standard would not impose.

Request 3 (eligibility criteria; pilot). If any option is adopted, eligibility should be limited by size and business stage — for example, smaller reporting companies, emerging growth companies, or pre-revenue development-stage issuers — and the Commission should proceed by pilot with pre-committed measurement. The Singapore evidence that the quarterly burden is net costly specifically for small firms supports a small-firm scope; it does not support extending the option to the entire market.

Requests 6 and 7 (comparability). Semiannual reporting would impair both same-company comparability over time and peer comparability across filers, most acutely at the points in the year when a semiannual filer's interim results are unavailable while a quarterly peer's are on file. The resulting gaps would be filled by guidance, models, and inference rather than by verified financial statements, and every index screen, factor model, and automated surveillance routine built on a common quarterly cadence would have to accommodate two. Requiring semiannual filers to break out the constituent three-month periods (Request 30) would mitigate, but not eliminate, this loss.

Request 15 (streamlining Form 10-Q as an alternative). This is the superior alternative and should be the Commission's primary path. Reducing the boilerplate and duplicative content of Form 10-Q — but not the interim financial-statement review, which is a core protection — would deliver genuine burden relief to the very issuers the release wants to help without reducing frequency or creating adverse selection.

Requests 18–20 and 25 (earnings releases by semiannual filers). If a semiannual filer issues first- or third-quarter earnings information, that information should be reviewed by an independent accountant, prepared consistently with GAAP, and filed rather than furnished, so that Section 18 (and, where incorporated, Section 11) liability attaches. Without such a requirement, the regime permits selective, unreviewed quarterly disclosure of the most favorable periods — the orphan-quarter gap — and heightens rather than reduces investor-protection risk.

Request 22 (net reduction in information; offsets). Yes, for electing firms there would be a net reduction in verified, comparable interim information. Form 8-K and Regulation FD are valuable but are not substitutes for the periodic financial statements, for the reasons in Part VI: a current report signals that something happened; it does not supply the financial translation of margin, cash flow, and liquidity.

Market forces will induce some firms to continue quarterly disclosure, but the U.K. experience shows that equilibrium erodes over time.

Request 27 (analyst coverage). The evidence indicates that firms which reduce reporting frequency lose analyst coverage, concentrated among smaller and mid-cap issuers where coverage is already scarce. Because reduced coverage raises the cost of equity and lowers price efficiency, this consequence runs directly contrary to the release's stated goal of encouraging companies to go and stay public.

Request 30 (breaking out subsumed periods). Yes. Semiannual filers should be required to break out the two three-month periods within Form 10-S, and both semiannual and quarterly filers should present the otherwise-subsumed period (the second semiannual period and the fourth quarter, respectively) in Form 10-K, so that investors are not required to reconstruct this information themselves.

Requests 31 and 32 (insider trading). Longer intervals between mandatory disclosures extend the period during which insiders may possess material non-public information ahead of the market. Whether the total number of blackout days rises or falls, the duration of each information asymmetry lengthens, which is the relevant risk. Enhanced insider-trading policies can mitigate but not eliminate this effect.

XI. Conclusion

The Commission has correctly identified two real problems — the burden of an over-built interim report and the long decline in public listings — and proposed a remedy that addresses neither while creating new costs of its own. Short-termism is a function of incentives, not filing frequency; the barriers to going public are structural, not a matter of two interim reports; and an optional frequency election, layered onto a market that expects quarterly reporting, would penalize the small and thinly-followed issuers it is meant to help and erode, over time, the comparable and verified information environment that has made U.S. markets the deepest and most trusted in the world. That environment is an asset, not a burden — and it is one the rest of the world has been building toward, not away from.

I therefore urge the Commission not to adopt broad optional semiannual reporting. If it wishes to reduce burden, it should streamline the content of Form 10-Q while preserving its frequency. If it wishes to lengthen management horizons, it should look to compensation, ownership, and governance. And if it offers a semiannual option at all, it should confine that option to those who genuinely need it, guard it against selective disclosure, and test it before extending it. I appreciate the opportunity to comment and would be glad to provide any of the underlying research or to discuss these views with the staff.

Respectfully submitted,

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Notes

1. Arthur G. Kraft, Rahul Vashishtha & Mohan Venkatachalam, “Frequent Financial Reporting and Managerial Myopia,” The Accounting Review 93(2): 249–275 (2018), https://meridian.allenpress.com/accounting-review/article/93/2/249/54118. Examining U.S. firms’ 1950–1970 transitions in reporting frequency, the study finds increased frequency associated with an economically meaningful decline in investment; the authors emphasize the historical, pre–Regulation FD setting.
2. Suresh Nallareddy, Robert Pozen & Shivaram Rajgopal, “Consequences of Mandatory Quarterly Reporting: The U.K. Experience,” Columbia Business School Research Paper No. 17-33 (2017), https://ssrn.com/abstract=2817120; published as “Consequences of More Frequent Reporting: The U.K. Experience,” Journal of Law, Finance, and Accounting 6(1): 51–88 (2021); see also CFA Institute Research Foundation, “Impact of Reporting Frequency on UK Public Companies” (2017), https://rpc.cfainstitute.org/research/foundation/2017/impact-of-reporting-frequency-on-uk-public-companies. Using a difference-in-differences design, the authors find that the 2007 mandate and its 2014 repeal had no statistically significant effect on corporate investment in either direction.
3. Ryosuke Fujitani, “Mandatory Financial Reporting Frequency and External Financing: Evidence from a Quasi-Natural Experiment” (2020), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3410252 (more frequent reporting eases information frictions, increasing external financing and corporate investment); see also Yuki Koga & Tomoyasu Yamaguchi, “Does mandatory quarterly reporting induce managerial myopic behavior? Evidence from Japan,” Finance Research Letters 56: 104142 (2023).
4. Peter Kajüter, Florian Klassmann & Martin Nienhaus, “The Effect of Mandatory Quarterly Reporting on Firm Value,” The Accounting Review 94(3): 251–277 (2019), https://doi.org/10.2308/accr-52212. Using a regression-discontinuity design around Singapore’s S$75 million listing threshold, the authors find no evidence of informational benefits or myopic investment, and an approximately 5% firm-value decline consistent with quarterly reporting being a net burden for small firms.
5. Hsuan-Chi Chen & Jay R. Ritter, “The Seven Percent Solution,” Journal of Finance 55(3): 1105–1131 (2000), https://doi.org/10.1111/0022-1082.00242. The 7% gross spread is the documented norm for moderate-size U.S. IPOs (roughly $20–80 million in proceeds); larger offerings frequently carry lower percentage spreads.
6. Approximately 9% of U.K. firms ceased quarterly reporting in the first year after the Financial Conduct Authority removed the mandate effective November 2014 (FCA Policy Statement PS14/15; see also Directive 2013/50/EU). Investment Association data indicate FTSE 100 quarterly reporters fell from 100 before the change to 70 (October 2016) and 57 (August 2017), with a majority of the FTSE 250 also ceasing; subsequent reviews find that most U.K.-listed companies have since migrated to semiannual reporting. See sources cited supra note 2.
7. Lawrence R. Glosten & Paul R. Milgrom, “Bid, Ask and Transaction Prices in a Specialist Market with Heterogeneously Informed Traders,” Journal of Financial Economics 14(1): 71–100 (1985), https://doi.org/10.1016/0304-405X(85)90044-3.
8. Section 939B, Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010); implemented by SEC, “Removal from Regulation FD of the Exemption for Credit Rating Agencies,” Release Nos. 33-9146; 34-63003 (2010), https://www.sec.gov/files/rules/final/2010/33-9146.pdf.
9. S&P Dow Jones Indices, S&P U.S. Indices Methodology (financial-viability criterion requiring positive as-reported GAAP net income for the most recent quarter and for the sum of the four most recent consecutive quarters); assets figure from S&P Dow Jones Indices, Annual Survey of Assets (approximately $20 trillion indexed or benchmarked to the S&P 500 as of December 31, 2024), https://investorfactbook.spglobal.com/sp-dow-jones-indices/sp-dow-jones-indices-annual-survey-of-assets/.
10. Semiannual Reporting, Securities Act Release No. 33-11414; Exchange Act Release No. 34-105368; Investment Company Act Release No. IC-36140 (File No. S7-2026-15) (proposed May 5, 2026), https://www.sec.gov/files/rules/proposed/2026/33-11414.pdf. The release identifies 133 business development companies filing on Form 10-Q; across its 279 pages the phrase “fair value” appears once and “Level 3” not at all.
11. Form 8-K, General Instruction B and Item 2.02, https://www.sec.gov/files/form8-k.pdf. Information “furnished” under Item 2.02 is not “filed” and therefore not subject to liability under Section 18 of the Securities Exchange Act, 15 U.S.C. § 78r, although it remains subject to Rule 10b-5 anti-fraud liability.
12. 17 C.F.R. § 23.105(d), https://www.law.cornell.edu/cfr/text/17/23.105, as implemented by NFA Financial Requirements Section 18 (unaudited monthly financial reports, plus an audited annual report).
13. 17 C.F.R. § 240.17a-5 (“Monthly and quarterly reports”), https://www.law.cornell.edu/cfr/text/17/240.17a-5. Carrying or clearing broker-dealers file Part I of Form X-17A-5 (FOCUS Report) monthly and Part II quarterly; other broker-dealers file Part IIA quarterly.

14. Proposing release, supra note 10 (economic analysis). The cited Nasdaq survey reports an average quarterly compliance cost of $334,698 and a median of $75,000; the release estimates a gross per-issuer saving of approximately $330,000 per year, added Form 10-S costs of approximately $132,000, a net per-issuer reduction of approximately $198,000, and aggregate gross benefits of approximately $394 million per year, assuming roughly 1,195 of 5,976 affected issuers (about one-fifth) elect the option.